

**QUAIL VALLEY ASSOCIATION, INC.**  
A California Non-Profit Mutual Benefit Corporation

**ELECTION RULES**

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**1.0. Introduction.**

The Quail Valley Association, Inc. ("Association"), by and through the Board of Directors (the "Board"), has adopted the following rules, policies, and procedures ("Election Rules") for conducting the Association's voting and election processes.

The following Election Rules apply to all matters of the Association that are subject to a membership voting requirement by secret ballot. This includes, but is not limited to, the election or removal of members of the Association's Board of Directors, amendments to certain of the Association's governing documents, and assessment increases that exceed the authority of the Board of Directors.

These Election Rules do not contain all of the information that may apply to your rights and responsibilities in the matters that require a vote of the membership. The Association's Bylaws contain additional provisions and should also be reviewed by you, along with these Election Rules, in order to ensure a better understanding of these matters. Finally, there are statutory provisions which are applicable to association elections contained in the Corporations Code.

**2.0. General Information.**

- 2.1. All persons who meet the qualifications set forth in Section 4.0 below are eligible to run for the Board.
- 2.2. No Association funds shall be expended for the purposes of campaigning in connection with any vote or election other than those funds specifically required to distribute required correspondences, notices, or forms that may contain the names of candidates or descriptions of issues being voted upon. Specifically excluded is the expenditure of association funds for the purposes of expressly advocating approval, election, or defeat of any matter or candidate.
- 2.3. The Association shall hold an election for a seat on the Board in accordance with the procedures set forth in these Election Rules. Such an election shall occur at the expiration of a directors' term or terms and at least once per year.
- 2.4. If the Association elects to notify the members of the content of these Election Rules by posting these Election Rules on the Association's website, the Association shall comply with the ballot content requirements of section 10.2.

### **3.0. Board of Directors**

- 3.1. Number. The Board of Directors shall be comprised of seven (7) directors.
- 3.2. Term and Term Structure. Directors shall serve terms of two (2) year(s). Directors' terms shall be staggered as provided in the Bylaws. Any person serving on the Board of Directors may be reelected one time. Thereafter, such Director shall be permitted to run for the Board of Directors after one (1) year from the date the Director's second consecutive term expired.
- 3.3. Cumulative Voting. Cumulative voting not permitted.

### **4.0 Election Notice & Candidate Qualifications.**

- 4.1. Notice for Nominations. The Association shall provide general notice (typically by posting notice in the common area) of the procedure and deadline for submitting a nomination at least 30 days before any deadline for submitting a nomination.
- 4.2. Notice Required. The Association shall provide general notice of all the following at least 30 days before the ballots are distributed:
  - a. The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the Inspector or Inspectors of Elections.
  - b. The date, time, and location of the meeting at which ballots will be counted.
  - c. The list of all candidates' names that will appear on the ballot. This requirement will generally be met by including the names of all candidates who have been accepted for nomination on the ballot itself.
- 4.3. Mandatory Disqualification. The Association shall disqualify a person from a nomination as a candidate for not being a member of the association at the time the request for nomination is received. If title to a separate interest parcel is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a member for purposes of this section. The Association shall be entitled to require that any such legal entity provides the Association with written confirmation of the name of the natural person appointed by that entity, and that such confirmation is signed by an officer of that entity, or other person ostensibly authorized by that entity to confirm such appointment before that person shall be accepted for nomination as a candidate.
- 4.4. Other Grounds for Disqualification. The Board, has, by these Election Rules, determined that a candidate, or prospective candidate, shall be disqualified from running for the Board, or disqualified from continuing to serve on the board pursuant to subdivision (e) of this section 4.4, if:

- a. the candidate fails to remain current (i.e., becomes delinquent) in the payment of regular or special assessments or fines or other enforcement action by the Association, at any time during the candidacy;
- b. the candidate, 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 candidate and the other person has either already been accepted for nomination for the current election or is an incumbent director whose term in office will automatically continue beyond the election date.
- c. the candidate has been a member of the association for less than one year as measured from the date that the request for candidate nominations is sent out;
- d. the candidate discloses, or if the association is aware or becomes aware of, a past criminal conviction that would, if the candidate were elected, either:
  - (i) prevent the association from purchasing the fidelity bond coverage; or
  - (ii) terminate the association's existing fidelity bond coverage.
- e. section 4.4(a) shall apply equally to a sitting director that fails to remain current in the payment of regular or special assessments.

**5.0. Nomination for the Board of Directors.**

5.1. Establish Date of Meeting. The Board shall establish the date of the meeting when the votes are to be counted. The Board shall also determine the deadline date by which the ballots must be received by the Inspector(s) of Election. This date can be either prior to the meeting when no voting shall be permitted at the meeting, or this date may be the date and time of the meeting when voting is to take place at the meeting. The Board shall have the right, on one or more occasions, to extend the deadline date by which the ballots must be received by the Inspector(s) in order to be counted provided that the date of each succeeding extended deadline is notified to the membership by general notice and before any ballots are opened. In addition to general notice to be given of any extended deadline for the receipt of ballots, general notice will also be given of the new date, time and location of the meeting at which ballots will be counted.

5.2. Nominating Committee and Alternative Nomination Procedures

- a. Subject to any provisions in the Bylaws to the contrary, the Board shall have the right, but not the obligation, to appoint a Nominating Committee for the purpose of establishing the candidate registration list for any Director election. In lieu of appointing a separate Nominating Committee, the Board

of Directors shall automatically fulfill this function provided that a Nominating Committee is required by the Bylaws or the Board determines that a Nominating Committee is appropriate. In the absence of a Nominating Committee, candidates may be nominated by any method authorized by the Bylaws, or if no method is set forth in the Bylaws, by any method authorized or actually used in practice by the Board and which complies with the minimum standards required by law. Such nomination method may be limited to the process whereby the Board sends out notice to the membership requesting qualified interested persons to put their names and/or other member names forward as candidates by a specified deadline, and the Board then creates the candidate registration list from such applicants, after vetting these persons to ensure that each one meets the requisite qualifications. Notwithstanding any method used for the purpose of establishing the candidate registration list, any qualified member of the Association may nominate himself or herself for election to the Board. Please ensure that if you wish to nominate a member for the Board that member wishes to be on the Board before you nominate.

- b. If nominations for the Board come within the jurisdiction of a Nominating Committee, the following provisions will apply:
  - (i) The Nominating Committee (if other than the Board) shall be appointed in accordance with the requirements of the Bylaws.
  - (ii) As of the date of appointment, the Nominating Committee members (if other than the Board) shall be members of the Association. Committee members may be removed or replaced pursuant to the provisions of the Bylaws or applicable law.
  - (iii) The Nominating Committee shall be charged with the review and consideration of all Director candidate application submissions. Review shall entail verification that the candidates meet all other required qualifications as of the date of review.
  - (iv) The Nominating Committee shall, upon finalization of the candidate, provide the qualified names in nomination to the Board of Directors.
- c. The nomination of qualified candidates from the floor at the meeting shall not be permitted, unless voting takes place at a valid member's meeting, where voting for the Board is permitted and scheduled on the agenda and the Bylaws require that nominations from the floor must be permitted at a members' meeting to elect directors. No nomination from the floor for a possible candidate shall be accepted unless the candidate nominated is qualified, and is present at the meeting and confirms that he or she wishes

to be a candidate or unless the candidate has previously advised the Board in writing that he or she wishes to be a candidate.

## **6.0. Campaign Protocols.**

### **6.1. Campaigns.**

- a. During election periods all candidates shall have equal access to the Association's Media, including, but not limited to, newsletters, websites, and bulletin boards, but only for purposes that are reasonably related to the election. The issue of "equal access" shall be determined solely by the Board.
- b. With regard to candidate or member writings intended for distribution to the members, the Association may also include a statement specifying that the candidate or member, and not the Association, is responsible for the content of the communication.
- c. No submission for distribution shall be edited for content. Modifications to formatting may be made so as to allow for space and/or media restrictions. If any formatting modifications should become necessary, they shall be applied equally to all submissions and at no time shall any formatting be applied that may signify a preference or partiality.
- d. Any expense that may be required for the distribution of submitted materials shall be borne solely by the submitting party. These expenses may include, but are not limited to, administrative services, reproduction costs, postage, and supplies. Any costs shall be approved and paid by the submitting member prior to distribution.
- e. The Association shall provide at no cost, access to any Association common area meeting space, if any, to any member or candidate advocating a point of view or opinion during the campaign period. The use of the common area meeting space must be for purposes reasonably related to the election. Any such use of the common area facilities shall be regulated by any existing rules for such use.
- f. All requests for access to the common area facilities for campaigning purposes must be submitted in writing, shall be made in advance, and are subject to first come priority scheduling. The Board, in its sole discretion, may reasonably limit a candidate's or member's access to common area facilities in order to facilitate equal access for other candidates and members, and so as not to unreasonably interfere with other members' rights to use such facilities.

**7.0. Inspector(s) of Elections.**

7.1. Selection of Inspectors.

- a. The Board shall select an independent third-party to be the Inspector(s) of Elections. The Board shall have the power to remove an Inspector who ceases to meet the required qualifications, is unable or unwilling to perform his duties, or for other good reason, as determined by the board, and to appoint a new Inspector in his place.
- b. An independent third-party may consist of members of the Association but may not consist of any of the following:
  - (i) a member of the Board;
  - (ii) a candidate for the Board;
  - (iii) a relative of a member of the Board;
  - (iv) a relative of a candidate for the Board; or
  - (v) a person, business entity, or subdivision of a business entity who is currently employed or under contract to the association for any compensable service, other than serving solely as an Inspector of Elections.

7.2. Number of Inspectors. The Inspector(s) of Elections shall be comprised of either one or three persons. In no case shall an Inspector(s) of Elections panel be comprised of an even number of Inspectors. If there are three (3) Inspectors of Elections, the decision or act of a majority shall be effective in all respects as the decision or act of all.

7.3. Duties of Inspectors. The Inspector(s) of Elections shall be responsible to perform the following tasks associated with any vote or election:

- a. At least 30 days before an initial election date deadline for the receipt of ballots, deliver, or cause to be delivered, to each member both of the following documents:
  - (i) The ballot or ballots; and
  - (ii) A copy of these Election Rules.

Unless the Inspector(s) expressly requires otherwise, it shall be automatically assumed by the Association that the Inspector(s) authorizes and requires that (a) the Association deliver the ballots and copy of the Election Rules to the membership in compliance with these obligations; (b) that the Association, its legal counsel or an agent selected by the Board, shall prepare the form of ballots and all other election materials to be distributed to the membership and (c) that ballots be returned and retained by such person or entity as shall be provided in the election materials

prepared and distributed by the Association, its legal counsel or Association agent.

- b. Determine the number of memberships entitled to vote and the voting power of each.
- c. Determine authenticity, validity, and effect of submitted proxies, if any.
- d. Receive ballots.
- e. Retain Association Election Materials according to section 10.5.
- f. Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.
- g. Determine poll opening and closure times, if actual voting is to take place at the meeting.
- h. Counting and tabulation of all ballots.
- i. Determine results of voting.
- j. Make corrections to voter lists and candidate registration lists according to section 10.6.
- k. Perform any other acts that are necessary and proper to conduct the election with fairness to all members in accordance with the Corporations Code and the Association's governing documents.

7.4. Performance of Duties. The Inspector(s) of Elections shall perform his or her duties impartially, in good faith, to the best of his or her ability, as quickly as possible, and in a manner that protects the interests of all members of the association. Any report made by the Inspector(s) of Election is prima facie evidence of the facts stated in the report.

7.5. Power to Delegate. The Inspector(s) of Elections may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector(s) of Elections deem appropriate; provided, however, that the appointed persons are independent third parties.

## **8.0. Voting.**

8.1. Voting Classes. The Association has one (1) class of voting.

8.2. Voting by Members. In any voting matter of the Association, each member (as defined in the Association's governing documents), or a person who has been

appointed as an attorney in fact pursuant to a general or special power of attorney signed by a member, shall be entitled to a single vote for each separate interest owned by that member and for which regular assessments have commenced against such separate interest, unless such member's voting rights have been suspended pursuant to the Bylaws.

- 8.3. Voting by an Attorney in Fact under a Power of Attorney. If a member appoints an attorney in fact to vote for the member under a general or special power of attorney, and notice of such appointment is provided to the Association prior to the election, that member shall for all purposes be deemed to have delegated his, her or its power to vote and shall not have any right to vote in lieu of that attorney in fact unless the Association shall have received notice of revocation of such power of attorney prior to the distribution of the election materials. The Association shall be entitled to require that before any ballot is provided to an ostensible attorney in fact or to a member and/or before the counting of any ballot voted by an attorney in fact with the ballot envelope having been signed by an attorney in fact, that the member or attorney in fact provide to the Association and/or Inspector(s) of Election a complete and unaltered copy of the member's power of attorney purporting to grant to the attorney in fact the power to vote at Association elections on behalf of the member.
- 8.4. Suspension of Voting Rights. Pursuant to Section 15.01 of the Bylaws, the Board may suspend the voting rights of any member, including a person or entity be deemed to be a member, as of the record date.
- 8.5. Format and Scope. All membership voting related to the following shall be conducted by secret ballot: Directors, amendments to the Association's governing documents, and regular assessment increases which exceed the authority of the Board of Directors. To the extent that the legislature later expands the areas to which this secret ballot process applies, these policies and procedures shall automatically include the areas added by the legislature. The Board shall have the right, but not the obligation, to have elections or voting conducted by the same secret ballot process in respect of other matters for which secret voting is not obligatory by law.
- 8.6. Voting for Write-In Candidates. If the governing documents expressly require, or the Board expressly permits, members may insert the name or names of write-in candidates into the Association ballot and vote for such candidate(s). Voting for write-in candidates shall be deemed to be permitted if the Association ballot includes blank spaces for write-in candidates. If no blank spaces appear on the Association ballot, voting for write-in candidates will be deemed to be prohibited by the Board and not expressly required by the governing documents.
- 8.7. Quorum of Members. Except as otherwise provided in these By-Laws, the presence in person or by proxy of at least fifty percent plus one (50 % plus 1) of the voting power of the Membership of the Association shall constitute a quorum of the Membership. The members present at a duly called or held meeting at which a quorum is present



may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

**9.0. Proxies.** The use of proxies shall be in accordance with the Association's Bylaws and the Corporations Code.

- 9.1. Distribution. Proxies will not be mailed out to the members as part of the election package unless the Board directs otherwise, or the governing documents expressly so require. However, proxies may still be used by the members if voting is to actually occur at a members' meeting but in no other circumstances.
- 9.2. Content. All Proxies shall be consistent in content with the established guidelines as set forth in the Association's governing documents or as may be mandated by applicable law.
- 9.3. Format. All proxies that direct the manner in which the proxy holder is to cast any vote shall include such direction in a separate sheet, which separate sheet must be detached and given to the proxy holder to retain. Any proxy which does not comply with this Section shall be deemed invalid. The proxy holder must be present at the meeting, must be a member of the Association, and shall cast the member's vote by secret ballot provided that voting by proxy is permitted at the meeting.
- 9.4. Validity. A proxy shall not be construed or used in lieu of a ballot. In no case shall any Proxy be valid for a period exceeding eleven (11) months from the date of its execution unless the governing documents provide otherwise.
- 9.5. Proxy Warning. Due to the legal requirement concerning the form of proxy, the Inspector(s) of Election will not be able to verify that the proxy holder has voted in a manner consistent with what is directed on the proxy form.

**10.0. Ballots.**

- 10.1. Distribution. Ballots for all Elections where voting by secret ballot is required shall be distributed along with one (1) pre-addressed envelope, one (1) envelope marked BALLOT and instructions for submission via first class mail or hand delivery. Distribution shall be made not less than thirty (30) days in advance of the deadline by which ballots must be received in order to be counted.
- 10.2. Content. Ballots for the election of directors, or materials accompanying such ballots, shall contain the names of all candidates who have been nominated in accordance with the established guidelines as of the date when the ballots are distributed. Ballots for an election relating to any other matter to be voted on must contain a description of the item to be voted on and a space for the voting member to indicate approval or disapproval of each ballot measure. Secret ballots shall not contain any identification indicators related to the voting member; including names, addresses, and lot or unit numbers or similar identifying information. Secret ballots shall not be signed by the voting member or authorized attorney in fact.

In accordance with section 2.4, if the Association elects to provide notice of these Election Rules to the members by posting the Election Rules on the Association's website, then the ballots must also include the website address with the following phrase in 12-point font type:

“The rules governing the election may be found here and the Election Rules may not be amended less than 90 days prior to election.”

- 10.3. Submission. Ballots for all elections conducted by secret ballot shall be enclosed in a sealed inner envelope and then inserted into an outer or second envelope that is sealed. In the upper left-hand corner of the second envelope, the voting member shall 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. The second envelope must be addressed and sent to the Inspector(s) of Elections to be retained until the completion of tabulation of the votes. The envelope may be mailed or delivered by hand to the specified location. Ballots may not be delivered by a third party unless the voting member is, for good cause, unable to himself or herself deliver the ballot. If a ballot is delivered by a third party otherwise than in such circumstances, it may be deemed invalid by the Inspector(s) of Election. If a quorum is required by the governing documents, each ballot received by the Inspector(s) of Election shall be treated as a member present at a meeting for purposes of establishing quorum. Ballots (and/or corresponding envelopes) which do not comply with these requirements shall not be counted and shall not count towards quorum.
- a. Ballots, signed voter envelopes, the voter list, proxies, and candidate registration list submitted to the Inspector(s) of Elections shall be held in their sealed envelopes until the date of the meeting at which time such ballot envelopes shall be opened and counted. In no case shall any ballot be opened, viewed, or otherwise reviewed prior to the date and time that has been established for the counting of said ballots. Once the ballot has been received by the Inspector(s) of Elections it may not be revoked or otherwise recalled. If more than one ballot is received for any separate interest, the Inspector(s) of Elections shall determine its validity.
  - b. All voting by ballot must utilize the official Association form and envelopes or such other form and envelopes as determined by the Inspector(s) of Election, if different. Reproductions and copies will not be accepted. Should a member lose or spoil his or her ballot, a new ballot may be requested from the Association or inspector(s) of election if the inspector(s) have prepared the election materials and the new or replacement ballot shall be promptly sent to the requesting member.
  - c. members may request a receipt for the delivery of a ballot envelope.

- 10.4. Tabulating. The Inspector(s) of Elections shall tabulate all ballot submissions in public view at a properly noticed meeting of the Board or members set for the purpose, among possibly other purposes, of opening the ballot envelopes and counting the ballots. The counting and tabulation shall be done in public, (i.e. in the presence of any members or authorized attorneys in fact for a member who wish to be present and who attend the meeting). The Inspectors may appoint additional persons to assist in the counting and tabulation of ballots, provided that such additional persons meet the same minimum qualifications as the Inspectors. Members or persons not specifically authorized to do so may not touch any secret ballot or other election material in the possession of the Inspector(s) of Election. Any candidate, member or authorized attorney in fact who has been granted the power to vote by a member may witness the counting and tabulation of votes from a reasonable distance, provided, however, that they do not disrupt the process in any manner whatsoever. Observers must stand at least five (5) feet back from the area of counting and tabulation and not communicate, harass, or otherwise interfere with the Inspector(s) in any manner whatsoever. Anyone violating these requirements shall be asked to leave the meeting. The Inspectors shall have the power and authority to cause the removal of any observer who interferes with or disrupts the counting or tabulating process. The Inspector(s) of Election may suspend the counting and tabulation of votes if anyone causes interference with or disrupts the counting or tabulating process or for other good reason. In the event of such suspension, the Inspector(s) may fix another date, time and/or place to complete the counting and tabulation of votes. The Inspector(s) shall retain exclusive possession and control of all opened and unopened ballots and other election materials. Any re-scheduling of the ballot counting by authority of the Inspector(s) shall not affect the legality of the election or vote counting, or in any way, of itself, constitute grounds to legally challenge the outcome of any election.
- 10.5. Retention of Association Election Materials. The Association Election Materials shall be retained as provided herein. "Association Election Materials" means returned ballots, signed voter envelopes, the voter list of names, parcel numbers, and voters to whom ballots were to be sent, proxies, and the candidate registration list. Signed voter envelopes may be inspected but shall not be copied. The sealed ballot, signed voter envelopes, voter list, proxies, and candidate registration list shall at all times be in the custody of the Inspector(s) of Elections or at a location designated by the Inspector(s) of Elections until after the tabulation of the vote, and for one (1) year following each Election, at which time custody shall be transferred to the Association. In the absence of any express written direction from the Inspector(s) of election to the contrary, the Inspector(s) shall be deemed to have designated the location where such records at to be kept as the Association business office or the office of any managing agent for the Association as the Board shall determine. At the expiration of the retention period all ballots and other election materials will be destroyed.
- 10.6. Inspection of Election Materials and Challenge to Elections. Members are entitled to verify the accuracy of their individual information on both the candidate

registration list and voter list at least 30 days before the ballots are distributed. In order to exercise such right, the Association must receive a request from the member concerned allowing for a sufficient and reasonable time for the Association to provide either or both lists as requested to the member before the distribution of ballots occurs. In no respect shall the distribution of ballots be delayed due to a member's failure to timely request to inspect either the candidate registration list or voter list. If, during an inspection of either list, a member discovers an error or omission to the registration list or voter list, the Association or the member shall immediately notify the Inspector(s) of Elections of the error or omission. Within two business days of being notified, the Inspector(s) of Elections shall make the necessary corrections to the list(s).

- 10.7. Request for Recount. If there is a request for a recount or other challenge to the election process, the Inspector(s) of Election shall, upon written request, make the ballots available for inspection and review by a member or the member's authorized representative. Any recount shall be conducted in a manner that preserve the confidentiality of the vote. A review or inspection shall be conducted in a manner that will ensure that no ballots or other election materials can be removed, altered or otherwise tampered with.
- 10.8. Tie Vote. If there is a tie vote between or among candidates after the ballots of an election have been tabulated, the Association shall hold a run-off election consistent with the Corporations Code unless the candidates can agree on an alternative method of deciding the issue. Such alternative method must be reasonable but may include a method which decides the matter entirely by chance, such as a coin toss.

#### **11.0. Election Results.**

- 11.1. The results of the election shall be promptly reported to the Board of the Association.
- 11.2. The results shall be recorded in the minutes of the next meeting of the Board and shall be available for review by members.
- 11.3. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a written notice to the members.

#### **12.0. Elections Pertaining to Matters other than the Election of Directors.**

- 12.1 When voting on other matters besides director elections, and which require the use of Secret Ballot Procedures, the Association shall generally use the procedures outlined above, but the Board may adjust the procedures to account for differences between director elections and the election at hand, e.g., special assessments, increasing the regular assessments, and Bylaw amendments.

### **13.0. Recall and Other Special Meetings.**

- 13.1. Recall and other special meetings requested by membership petition will be conducted in such a manner as will allow for compliance with the time limits as provided by these Election Rules, with the election procedures appropriately adjusted depending on the relevant factors involved, e.g., whether a replacement Board is to be elected immediately following a successful recall, or at a later date by a separate election. The Board may, in their sole and reasonable discretion, determine how recall and other special elections are to be conducted both in compliance with these Rules and what the Board deems to be in the best interests of the Association, regardless of the terms used in any members' petition received by the Association requesting that a recall or other special election be held.
  
- 13.2. Unless otherwise required by law, a special meeting to recall the members of the Board may not be reconvened if a quorum is not achieved at the meeting called for that purpose. The members shall not have the power to reconvene the meeting or allow additional time for additional ballots to be submitted or members present to be counted.