

GRANVILLE COURT HOMEOWNERS ASSOCIATION

Rules for the Election and Removal of Directors by Secret Ballot

In connection with the election and removal of directors, and in accordance with the California Civil Code Section 5100 et seq., the following rules and procedures shall apply:

1. **Frequency.** Elections for a seat on the Board of Directors shall be held at the expiration of the corresponding director's term.

2. **Meeting at Which Secret Ballots Shall Be Tabulated.**

2.1 The inspector(s) of election or their designee(s) shall tabulate the ballots for the election and/or recall of directors at the annual meeting of the owners or a special meeting of the owners or at a special meeting of the Board of Directors duly noticed for the purpose of counting ballots.

2.2 The Board of Directors shall determine the date, time and place of said annual or special meeting of the owners and/or the special meeting of the Board of Directors in accordance with the Association's Bylaws.

2.3 The voting period for elections shall be at least thirty (30) days. The polls shall open and close as stated on the secret ballot distributed for each election or, if not stated, the polls shall open at the time of the meeting, and close at a reasonable period thereafter, as determined by the inspectors of election.

3. **Qualifications and Nomination of Candidates.**

3.1 Notwithstanding anything to the contrary set forth in the Association's Bylaws, the only qualifications to be a candidate for election to the Board are as follows:

3.1.1 A candidate shall be a "Member" of the Association. If title to a unit 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 election to the Board.

3.1.2 Each candidate must not be delinquent (as defined in the Association's collection policy) in the payment of any regular or special assessment levied by the Association (but not for nonpayment of monetary penalties, monetary penalties renamed as assessments, collection charges, late charges, or costs levied by a third party). For purposes hereof, a Member shall not be disqualified for failure to be current in payment of regular and special assessments if either of the following circumstances is true: (1) the Member has paid the regular or special assessment under protest pursuant to Civil Code Section 5658; or (2) the Member has entered into a payment plan pursuant to Civil Code Section 5665.

3.1.3 A person may not be a candidate if the candidate discloses, or if the Association is aware of, or becomes aware of, a past criminal conviction that would either prevent the Association from purchasing the fidelity bond coverage required by Civil Code 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;

3.1.4 A person may not be a candidate if such 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 unit as the person and the other person is either properly nominated for the current election or an incumbent director.

3.2 The Association shall not disqualify a person from nomination if the person has not been provided the opportunity to engage in internal dispute resolution pursuant to Civil Code Section 5900 et seq. ("IDR").

3.3 Owners may nominate themselves or another person. Any candidate nominated by another person will be contacted to confirm that such candidate consents to having his or her name placed in nomination for election to the Board, and meets the foregoing qualifications for candidacy.

3.4 All candidates who wish to serve on the Board of Directors and, if appropriate, have confirmed their willingness to run for election to the Board of Directors, shall be listed on the secret ballot if their candidate nomination form is received by the date stated on the form.

3.5 Nominations from the floor of the annual meeting are permitted.

3.6 Prior to opening the ballots, the inspector of elections must ask if any member wishes to nominate a candidate from the floor of the annual meeting. If a member nominates themselves or another member from the floor, then those members who have not already submitted their ballots can write in the name of, and vote for, the candidate who was nominated from the floor of the meeting. Once a ballot is submitted to the inspector of elections, the ballot is irrevocable. Therefore, any member who has already submitted their ballot cannot vote for the candidate who was nominated from the floor of the annual meeting.

3.7 The Candidate Nomination Form must be returned to the Association at the address provided on, and by the deadline stated on, such form.

4. Voter List and Candidate List; Right to Verify Accuracy of Individual Information.

4.1 The Association shall prepare a candidate registration list following the deadline for returning nominations. The Association shall also prepare a voter list at least thirty (30) days before the secret ballots are mailed, which list shall include for each owner, the 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.

4.2 The Association shall retain, as Association election materials, both the candidate registration list and the voter list. The Association shall permit members to verify the accuracy of their individual information on both lists at least thirty (30) days before the ballots are distributed. The Association or member shall report any errors or omissions to either list to the inspector or inspectors who shall make the corrections within two (2) business days.

5. **Inspector(s) of Election.**

5.1 The Board of Directors shall appoint one (1) or three (3) independent third parties as inspectors of election before the secret ballots are mailed to all of the owners. 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 include a member of the Association provided such member is not a member of the Board of Directors or a candidate for the Board of Directors or related to a member of the Board of Directors or a candidate for the Board of Directors. An independent third party may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Association for any compensable services other than serving as an inspector of elections.

5.2 Upon appointment, the inspector(s) of election shall meet to determine, among other things, who shall prepare and deliver the nomination procedures, candidate nomination forms, notices, ballots and other information required by the Act (collectively, "Election Materials") to the members and to whom the Election Materials shall be returned on behalf of the inspector(s) of election (the "Ballot Collector"). The inspector(s) of election may delegate the task of preparing and delivering the Election Materials to a third party, and may designate that Election Materials be returned to the inspector(s) of election in care of a third party. Only the inspector(s) of election shall be authorized to open and tabulate secret ballots.

5.3 The inspector(s) of election shall also do all of the following:

5.3.1 determine the number of memberships entitled to vote and the voting power of each (note: the voting rights of an owner may not be suspended under any circumstances);

5.3.2 determine the authenticity, validity, and effect of proxies, if any;

5.3.3 receive ballots;

5.3.4 hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;

5.3.5 count and tabulate all votes;

5.3.6 determine when the polls shall close;

5.3.7 determine the result of the election; and,

5.3.8 perform any acts as may be proper to conduct the election with fairness to all members in accordance with this section, the Corporations Code and all applicable rules of the Association regarding the conduct of the election that are not in conflict with this section.

5.4 An inspector of election shall perform his or her duties impartially, in good faith, to the best of his or her ability, as expeditiously as is practical, and in a manner that protects the interest of all members of the Association. The decision or act of a majority shall be effective in all respects as the decision or act of all.

5.5 Any report made by the inspector(s) is prima facie evidence of the facts stated in the report.

5.6 The Board of Directors may remove and replace any inspector of election prior to the tabulation of ballots if an inspector of election resigns or if the Board of Directors reasonably determines that an inspector of election will not be able to perform his or her duties impartially and in good faith.

5.7 The inspector(s) of election may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector(s) of election deem appropriate, provided that the additional persons are independent third parties as defined herein.

6. **Election Timeline and Mailings.** The election timeline for delivering all of the statutorily required documents to members differs depending upon whether the Association is eligible to (and intends to) provide for the opportunity to elect directors by acclamation (as described below in Section 7) or whether the Association intends to follow the regular election procedures for the election of directors (as described below in Section 8). The election timeline for the delivery of documents to elect directors by acclamation begins approximately 180 days prior to the scheduled election date. The election timeline for the delivery of documents through the regular election begins approximately 105 days prior to the scheduled election date.

7. **Vote to Elect Directors by Acclamation Procedures.**

7.1 **Eligibility.** In addition to complying with all the requirements set forth in this Section 7.1, in order for the Association to be eligible to vote to elect directors by acclamation, the Association must have held a regular election for the directors in the last three years. The three-year time period shall be calculated from the date ballots were due in the last full election to the start of voting for the proposed election.

7.2 **Overview of Extended Time Frame.** Under the regular election procedures set forth in Section 8, below, the election process commences when the Association sends a request for candidate nomination forms at least 30 days before the deadline for nominations. However, the acclamation procedures commence at least 90 days before the deadline for nominations. Because the Association cannot predict in advance if the number of qualified candidate nominations received by the deadline for the receipt of candidate nomination forms will be less than or equal to the number of vacancies, the Association must be prepared to proceed with the last part of the regular election process (which is at least 60 days). Furthermore, the acclamation election process must also allow for the possibility of IDR process

described below, weekends/holidays and numerous notices. Accordingly, to accommodate these additional requirements and possible outcomes, the time frame for beginning the acclamation election procedure is approximately 180 days before the chosen election date.

7.3 **Procedure**. If the Association is eligible pursuant to Section 7.1, and if, as of the deadline for submitting candidate nominations, the number of qualified candidates is not more than the number of vacancies to be elected, the Association may, but is not required to, consider the qualified candidates elected by acclamation if **all** of the following conditions have been met:

7.3.1 **Initial Notice**. At least 90 days before the deadline for submitting candidate nominations, the Association shall send, by individual notice, to all members an initial notice. The initial notice shall include all of the following:

- (a) The number of board positions that will be filled at the election.
- (b) The deadline for submitting nominations.
- (c) The manner in which nominations can be submitted.
- (d) A statement informing members that if, at the close of the time period for making nominations, there are the same number or fewer qualified candidates as there are board positions to be filled, then the board of directors may, after voting to do so, seat the qualified candidates by acclamation without balloting.

7.3.2 **Reminder Notice****. Between 7 and 30 days before the deadline for submitting nominations, the Association shall send, by individual notice, to all members a reminder notice. The reminder notice shall include all of the following:

- (a) The number of board positions that will be filled at the election.
- (b) The deadline for submitting nominations.
- (c) The manner in which nominations can be submitted.
- (d) A list of the names of all of the qualified candidates to fill the board positions as of the date of the reminder notice.
- (e) A statement reminding members that if, at the close of the time period for making nominations, there are the same number or fewer qualified candidates as there are board positions to be filled, then the board of directors may, after voting to do so, seat the qualified candidates by acclamation without balloting.

** The Reminder Notice is not required if, at the time the reminder notice will be delivered, the number of qualified candidates already exceeds the number of Board positions to be filled, in which case, the Association shall proceed to Sections 8.2 and 8.3 of these Election Rules.

7.3.3 **Duties Upon Receipt of Candidate Nomination** **. Within 7 business days of receiving each nomination, the Association shall:

(a) **Acknowledgement of Nomination**. The Association shall send a written or electronic communication acknowledging the nomination to the member who submitted the nomination.

(b) **Determination if Candidate is Qualified**. The Association shall permit all candidates to run if nominated, except for nominees disqualified for running as allowed or required pursuant to Section 3 of these Election Rules.

(c) **Notice to Candidate of Verification of Qualifications of Candidate**. The Association shall send a written or electronic communication to the nominee indicating either of the following:

(i) The nominee is a qualified candidate for the Board of Directors.

(ii) The nominee is not a qualified candidate for the Board of Directors, the basis for the disqualification, and the procedure by which the nominee may appeal the disqualification. The procedure to appeal the disqualification shall comply with the procedures for IDR set forth in Civil Code Section 5900 et seq. In order to accommodate the other timeframes for notice related to the election, the IDR process shall be completed within 15 days of the deadline for candidate nominations.

(d) **Notices May Be Combined**. The Association may combine the written or electronic communication described in Sections 7.3.3(a) and (c) into a single written or electronic communication if the nominee and the nominator are the same person.

** The Notices to Nominators and Nominees is not required if, at the time the same will be delivered, the number of qualified candidates already exceeds the number of Board positions to be filled, in which case, the Association shall proceed to Sections 8.2 and 8.3 of these Election Rules.

7.4 **Board Vote to Elect Directors by Acclamation**. Within 20 days of the deadline for candidate nominations (and after the completion of any requests for IDR described in Section 7.33(c)(ii), above), if the number of qualified candidates does not exceed the number of Board positions to be filled, the Board shall vote to consider the qualified candidates elected by acclamation at an open meeting of the Board called pursuant to Civil Code Section 4900 et seq. for which the agenda item reflects the name of each qualified candidate that will be seated by acclamation if the item is approved.

7.5 **If Vote to Elect Directors By Acclamation is Approved**. Within 15 days of the election, the Association shall give general notice pursuant to Section 4045 of the results of the vote to elect directors by acclamation. Such notice may indicate whether the previously scheduled annual meeting of members is still scheduled to occur.

7.6 **If Vote to Elect Directors by Acclamation Fails or If Number of Qualified Candidates is More Than Number of Vacancies.** If the vote to elect directors by acclamation fails or if the number of qualified candidates as of the close of nominations is more than the number of vacancies to be elected, the Association shall proceed with the regular election procedures as set forth in Sections 8.2 and 8.3 of these Election Rules.

8. **Regular Election Procedures.**

8.1 **Nomination Procedures/Candidate Nomination Form.** At least 105 days before the date of the meeting at which the secret ballots for the election of directors or the vote to remove directors(s) and elect his/her/their replacement shall be tabulated, the Association shall, by individual notice, deliver to all members notice of the procedure and deadline for submitting a nomination, and a Candidate Nomination Form. The deadline for returning the Candidate Nomination Forms shall be at least 30 days from the date of the mailing.

8.2 **Mailing Prior to Secret Ballot Distribution.** At least sixty (60) days before the election (i.e., at least thirty (30) days before the secret ballots are mailed to owners), the Association shall provide general notice to the members of all of the following:

8.2.1 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.

8.2.2 The date, time, and location of the meeting at which ballots will be counted.

8.2.3 The list of all candidates' names that will appear on the ballot.

8.2.4 Individual notice of the above paragraphs shall be delivered pursuant to Section 4040 if individual notice is requested by a member.

8.3 **Secret Ballot Procedure; Record Date.**

8.3.1 The inspector(s) of election shall cause the Association to mail by first-class mail or deliver to each member not less than thirty (30) days prior to the election:

(a) Ballots and two (2) preaddressed envelopes with instructions on how to return ballots; and,

(b) A copy of these election rules. Delivery of the election operating rules may be accomplished by either of the following methods:

(i) Posting the election operating 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:"

(ii) Individual delivery.

8.3.2 Ballots must ensure the confidentiality of the voters.

(a) A voter may not be identified by name or separate interest identifier on the ballot.

(b) The ballot shall not require the signature of the voter.

(c) The ballot itself is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter 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 is addressed to the inspector(s) of election, who will be tallying the votes.

8.3.3 Owners may return their secret ballot by mail, hand deliver it to the meeting or complete the ballot at the meeting; provided, only those ballots which are delivered to the inspector(s) of election prior to the polls closing shall be counted.

8.3.4 A member may request a receipt for delivery of his or her ballot.

8.3.5 The record date for purposes of voting shall be the date the ballots are mailed to all of the owners.

9. **Campaigning.**

9.1 Association funds may not be used for “campaign purposes” in connection with any board election. The term “campaign purposes” is defined to include, without limitation, (1) “expressly advocating the election or defeat” of any candidate that is on the ballot; or (2) “including the photograph or prominently featuring the name of a candidate on a communication” from the association (except the ballot and voting materials and equal access communications sent pursuant to this Section).

9.2 If any such access is provided at all, all candidates or members advocating a point of view during a campaign, including those not endorsed by the Board of Directors, shall be provided equal access to Association media, newsletters, or internet websites (if any) for purposes that are reasonably related to the election. The Association may not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the Association, is responsible for that content.

9.3 All candidates, including those who are not incumbents, and all members advocating a point of view, including those not endorsed by the Board of Directors, for purposes reasonably related to the election, shall be provided equal access to any common area meeting space, if any exists, during a campaign at no cost.

10. **Handling of Ballots.**

10.1 As secret ballots are returned to the Ballot Collector, the Ballot Collector shall check off on a sign-in sheet that a ballot has been received for such unit. Subject to validation by the inspector(s) of election, once a secret ballot is received by the inspector(s) of election, it shall be irrevocable. Any subsequent ballots received for the same unit shall be deemed invalid and shall be discarded.

10.2 The sealed ballots at all times shall be in the custody of the inspector(s) of election or at a location designated by the inspector(s) until delivered to the inspector(s) at the meeting for the opening of the ballots and the tabulation of the vote.

10.3 No person, including a member of the Association or an employee of the management company, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.

10.4 The inspectors of election shall not:

10.4.1 Deny a ballot to a member for any reason other than not being a member at the time when ballots are distributed.

10.4.2 Deny a ballot to a person with general power of attorney for a member.

10.5 After the tabulation of the vote and for one (1) year after the election or removal, election ballots shall be kept in the custody of the inspector(s) of election. After such time, the custody shall be transferred to the Association. If there is 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 an Association member or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

11. **Tabulation of Votes; Quorum Requirement.**

11.1 All votes shall be counted and tabulated by the inspector(s) of election or their designee(s) in public at a properly noticed open meeting of the members or of the Board of Directors. A quorum of members or a quorum of Board members, as the case may be, must be present if required by the Association's 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 a quorum.

11.2 The inspector(s) of election shall confirm that no more than one (1) ballot was returned for each unit/lot, and that:

11.2.1 The printed name of the member on the upper left hand corner of the envelope is legible and matches the name of at least one of the record owners of the property as shown on the Association's membership list;

11.2.2 The member's signature is on the address envelope; and

11.2.3 The address shown on the address envelope corresponds to the member's address on the Association's membership list.

If, in the sole discretion of the inspector(s), the requirements above are not met, the envelope will not be valid for any purpose, including establishing a quorum.

11.3 The ballot of a person with general power of attorney for a member shall be counted if returned in a timely manner.

11.4 Any candidate or other member of the Association may witness the counting and tabulation of the votes from a reasonable distance.

11.5 In order for the vote for the election of directors to be valid, ballots must be returned by at least a quorum of the owners if a quorum is required by the Association's governing documents. If a quorum of ballots is not received, the ballots will not be counted.

12. **Announcement of Results.**

12.1 The results of the election shall be promptly reported to the Board of Directors and shall be recorded in the minutes of the next meeting of the Board of Directors and shall be available for review by members of the Association.

12.2 Upon certification of the election results by the inspector(s) of election, the newly elected Board members shall be deemed to have taken office.

12.3 Within 15 days of the election, the board shall give members general notice pursuant to Civil Code Section 4045 of the tabulated results of the election.

13. **Retention of Voting Materials.** The sealed (or, after tabulation, returned) ballots, signed voter envelopes, voter list, proxies, and candidate registration list shall at all times be in the custody of the inspector or inspectors of elections or at a location designated by the inspector or inspectors until after the tabulation of the vote, and until the time allowed by Section 5145 for challenging the election has expired, at which time custody shall be transferred to the Association. If there is a recount or other challenge to the election process, the inspector or inspectors of elections 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 preserves the confidentiality of the vote. Signed voter envelopes may be inspected but may not be copied.

14. **Other Voting/Campaign Issues.**

14.1 **Cumulative Voting.** Cumulative voting is permitted in all elections in which more than two (2) directors are being elected.

14.2 **Proxies.** The Association's Bylaws permit an owner to give a proxy to another person to vote a secret ballot on the owner's behalf. However, proxies shall not be construed or used in lieu of a secret ballot. In such a situation, the proxyholder will fill out the ballot and enclose it in the "secret ballot" envelope. This envelope will then be enclosed in the second envelope, as discussed above. In the upper left hand corner of the second envelope, the proxyholder will sign his or her name, indicate his or her name and indicate the address or separate interest identifier that entitles the owner to vote; however, as the "voter", the proxyholder will sign and print his/her name underneath the name and address of the owner. The proxy must be returned with the ballot, but NOT placed inside the "secret ballot" envelope. If any instruction is given in a proxy issued for an election (or other vote) that directs the manner in

which the proxyholder is to cast the vote, such instruction shall be set forth on a separate page of the proxy that can be detached and given to the proxyholder to retain. A proxy may be revoked by the owner prior to the receipt of the secret ballot by the inspector(s) of election. If a proxy and a secret ballot are received for the same separate interest, the proxy shall be deemed to have been revoked and the secret ballot shall be counted (if verified by the inspector(s) of election pursuant to these rules). If more than one proxy is received on behalf of a separate interest, the most currently dated proxy shall be counted.

14.3 Voting on Other Matters. The Association may, but is not obligated to, vote by secret ballot on any other topic which requires the vote of the Owners.

15. Board Members Must Meet Qualifications. Board members shall meet the qualifications for candidacy set forth in these Election Rules. No person may continue to serve as a member of the Board if such person fails to meet any of the qualifications set forth in these Election Rules.