

**STONELAKE MASTER ASSOCIATION**

**ELECTION RULES**

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**STONELAKE MASTER ASSOCIATION  
ELECTION RULES**

The following Election Rules are adopted in accordance with California Civil Code Section 1357.100 *et seq.* and pursuant to the authority of the Association's governing documents, are intended to comply with California Civil Code Section 1363.03, and shall apply to elections regarding (1) Assessments, (2) selection of Delegates and alternate Delegates, (3) selection of Directors, (4) removal of Directors, (5) amendments to the governing documents, (6) grants of exclusive use of common area property pursuant to California Civil Code Section 1363.07, and (7) any other matter that may be the subject of a vote of the Members. Unless the context clearly indicates otherwise, capitalized terms used herein shall have the same meaning as in the Association's governing documents. The following Election Rules are intended to replace and supersede any previously-adopted Election Rules.

**Section 1 Elections Regarding Selection of Directors and Delegates**

This Section 1 shall apply to elections regarding selection of Directors, Delegates, and alternate Delegates. The procedures set forth in these Election Rules shall apply to votes cast directly by the membership when selecting Directors, Delegates, and alternate Delegates but do not apply to votes cast by Delegates or alternate Delegates.

A. **Nomination of Candidates.** In addition to any nomination procedures set forth in the Association's Bylaws and CC&Rs, Members shall become candidates for election to the Board of Directors, Delegates, or alternate Delegates as follows: No less than 30 days before the Association mails the ballot packets, the Association shall provide notice to all Members inviting eligible Members to become candidates for Director, Delegate, or alternate Delegate election (the "Candidate Solicitation Notice"). The Candidate Solicitation Notice, which may be presented in the Association's regular newsletter or website, will state the following:

1. *Notice.* Interested Members must notify the Association, in writing, that they are requesting to be included as a candidate for a Director, Delegate, or alternate Delegate election.

2. *Delivery of Notice.* The written notification of desire to be a candidate and the Election Statement (as described below) must either be mailed, hand delivered, or e-mailed to the Association at the address(es) designated by the Board of Directors for that purpose, and must be received by the Association no later than the close of business on the date that is set by the Board of Directors to close nominations; it is each Member's responsibility to confirm that his or her written candidate notification and Election Statement were received by the Association.

**B. Qualifications for Elections.**

1. *Director Qualifications.* In order to be eligible to be elected to the Board, a person must be an Owner of a Lot in the Properties as of the date he or she is elected to the Board (see Section 7.2 of the Bylaws).

2. *Delegate Qualifications.* In order to be eligible to become a Delegate or an alternate Delegate, a person must be a Member of the Association in good standing (see Section 4.3.3.1 of the CC&Rs). If the Member is a corporation, partnership, or other such entity, the authorized agent of such corporation, partnership or other entity shall be eligible for election as a Delegate or alternate Delegate, but may serve in such capacity only until such authorized agency is terminated. Upon termination of any Delegate or alternate Delegates membership in the Association, such Delegate or alternate Delegate shall be disqualified from serving the remainder of his or her term as a Delegate or alternate Delegate, and the position of Delegate and alternate Delegate for such Delegate District shall be deemed vacant.

**C. Access to Association Media and Common Area Meeting Space.** The Association shall ensure that the legal requirements set forth in California Civil Code Section 1363.03(a)(1) and (2) are met by implementing the following:

1. *Election Statement.* Candidates and Members advocating a point of view may, but are not required to, submit an Election Statement which shall not exceed one side of a single 8-1/2 x 11 inch page and which shall be reasonably related to the election. All Election Statements must be received by the Association prior to 5:00 p.m. on the date set by the Board of Directors to close nominations. The Association shall not edit or redact any content from the Election Statements. By submitting an Election Statement, the author accepts full responsibility for the content thereof.

2. *Association Media.* If the Association provides access to Association media, newsletters, or website during a campaign to any candidate or Member advocating a point of view for purposes that are reasonably related to the election, then all candidates and Members advocating a point of view for purposes that are reasonably related to the election shall have equal access to the forum provided. The Association shall not edit or redact any content from these communications; however, the Association may include a statement specifying that the Member, and not the Association, is responsible for the content of the communication, and that the Association was required by law to publish the communication verbatim, regardless of content.

3. *Common Area Meeting Space.* Access to common area meeting space, shall be provided during a campaign to all candidates and Members advocating a point of view for purposes reasonably related to the election, at no cost, subject to procedural rules as may be adopted by the Board to assure orderly use of such meeting space.

4. *Candidate Information.* The Inspector of Elections will direct the posting on the Association's website the following candidate information: Candidate names, Election Statements, and will mail and email the same to the other candidates or Member upon request.

D. **Content of Ballots.** Each candidate's name shall be included on the official ballot, along with the following information as may be appropriate:

1. *Number of Candidates.* The number of candidates to be elected;
2. *Cumulative Voting – Director Elections.* Pursuant to Section 6.6 of the Bylaws, cumulative voting is required for Director elections in which more than one (1) Director is to be elected. If cumulative voting is authorized by the Bylaws each Lot is entitled to the number of votes equal to the number of directors to be elected, to be cast as desired (i.e., the Member may cast all votes for one candidate or may divide those votes among any combination of candidates, but is not allowed more votes than the number of directors to be elected);
3. *Cumulative Voting–Delegate Elections.* Cumulative voting is not permitted in Delegate or alternate Delegate elections;
4. *Balloting Period.* The date and time the balloting period will close; **and**
5. *Extension of Balloting Period.* The Board shall have the power to extend the initial balloting period if sufficient ballots have not been received to establish a quorum.

E. **Distribution of Ballot Packets.** Not less than 30 days prior to the date scheduled for the close of the balloting period, the Association will mail, via first-class U.S. mail, one ballot packet to each Member. Each ballot packet shall contain all of the following:

1. one official ballot;
2. black-and-white copies of all Election Statements received by the Association;
3. a statement specifying that the Association was not permitted to edit or redact any content from the Election Statements and thus the author of each Election Statement, and not the Association, is responsible for the content of his or her Election Statement;
4. two sealable envelopes, a smaller (inner) envelope and a larger (outer) envelope; and
5. instructions on how to vote using the two-envelope system.

The smaller envelope may be marked with the words "Inspector of Elections", or other marking that does not disclose the identity of the Member. There shall be no other distinguishing markings on the smaller envelope. The larger envelope shall be pre-addressed to the Inspector of Elections at the address specified by the Inspector of Elections. The larger envelope shall contain *either* blank lines in the upper left hand corner for the voter to 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 *or* a pre-printed label that indicates the voter's name and the address or separate interest identifier that entitles him or her to vote and contains at least one blank line for the voter to sign his or her name.

F. **Rules Regarding Voting Using the Two-Envelope System.**

1. The ballot shall not be signed.
2. Once completed, the (unsigned) ballot must be inserted into the smaller envelope and the envelope must be sealed. This sealed envelope containing the completed ballot must then be inserted into the larger (outer) envelope and the envelope must be sealed.
3. In the upper left-hand corner of the larger sealed 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.
4. The Inspector of Elections has the power to invalidate any ballot if the ballot or either envelope does not comply with subparagraphs 1 through 3, above.
5. Once a ballot is cast, it cannot be revoked. A ballot is deemed "cast" when it is received at the location(s) designated by the Inspector of Elections.
6. The sealed envelopes shall remain in the custody of the Inspector of Elections, or at the location(s) designated by the Inspector of Elections, at all times prior to completion of the tabulation process.
7. Unless prohibited by the Inspector of Elections, the Association shall be entitled to maintain a log of all envelopes received (the "Envelope Log") and to put all envelopes in the order designated by the Inspector of Elections. The envelopes shall not be opened until the Inspector of Elections instructs them to be opened.

G. **Balloting Period.** The balloting period shall begin on the date the ballots are distributed and shall close at such time and on such date established by the Board, which shall be not less than 30 days from the date the ballot packets are mailed to the Members. Ballots received after that time may not be accepted or counted.

H. **Inspector of Elections.**

1. *Appointment and Term.* The Board shall appoint one or three persons to serve as the Inspector of Elections. Each Inspector of Elections shall serve at the pleasure of the Board until he or she resigns, is discharged by the Board, or submits the completed written "Report of Inspector of Elections" to the Board as required by subparagraph (3)(j), below.

2. *Qualifications.* The Inspector of Elections shall be an independent third party, a Member, or a person who is currently employed or under contract to the Association for any compensable services, except that no person shall serve as an Inspector of Elections if he or she is:

a. a Director, Delegate, alternate Delegate or a candidate in the election; or

b. related to a Director, Delegate, alternate Delegate or a candidate in the election.

3. *Duties and Powers.* The Inspector of Elections shall do all of the following:

a. specify one or more locations to which the envelopes containing the ballots must be mailed or delivered by hand;

b. determine the number of memberships entitled to vote and the voting power of each;

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

d. receive ballots;

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

f. count and tabulate all votes;

g. determine when the polls close, consistent with the governing documents;

h. determine the tabulated results of the election;

i. perform any acts as may be proper to conduct the election with fairness to all Members in accordance with California Civil Code Section 1363.03, the California Corporations Code, and all applicable rules of the Association regarding the conduct of the election that are not in conflict with California Civil Code Section 1363.03; and

j. after the meeting at which the ballots are counted and tabulated, prepare and submit to the Board a written "Report of Inspector of Elections".

k. The Inspector 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. If there are three Inspectors of Elections, the decision or act of a majority shall be effective in all respects as the decision or act of all. The Inspector of Elections may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector of Elections deems appropriate, provided that the persons are independent third parties. In addition to the foregoing, the Inspector of Elections shall have all powers of an inspector of elections as set forth in California Corporations Code Sections 7517 and 7614 and other applicable provision of California law.

I. **Opening of Envelopes / Counting and Tabulation of Ballots.**

1. No envelope containing a ballot may be opened prior to the time at which the ballots are to be counted and tabulated.

2. Envelopes may only be opened and ballots tabulated if a sufficient number of envelopes exist to meet the quorum requirement for Member action under the governing documents. In the event that there are not enough envelopes to meet the quorum requirement, the Inspector of Elections shall not proceed with opening the envelopes and shall notify the Board that a quorum has not been established.

3. The envelopes shall be opened and the ballots may be counted and tabulated at a properly noticed Board meeting which may be scheduled to take place concurrently with the Annual Membership Meeting or Delegate District meeting.

4. Only the Inspector of Elections, or individuals designated by the Inspector of Elections, shall open the envelopes and count and tabulate the ballots.

5. Members may observe the opening of the envelopes and the counting and tabulation of the ballots.

6. Each ballot envelope received by the Inspector of Elections shall be treated as a Member present at a meeting for purposes of establishing quorum.

J. **Election Results.**

1. The Inspector of Elections shall promptly report the tabulated results of the election to the Board. The Board shall record the results in the minutes of the next Board meeting and make the results available for review by Members.

2. Within 15 days following the close of the balloting period, the Board shall publicize the tabulated results of the election in a communication directed to all Members.

**K. Custody, Storage and Retention of Ballots.**

1. Immediately after reporting the tabulated results of the election to the Board, the Inspector of Elections shall transfer physical custody of the envelopes, Envelope Log, and any tally sheets to the Association. The ballots shall remain in the custody of the Inspector of Elections until the time allowed by California Corporations Code Section 7527 for challenging the election has expired, at which time the Inspector of Elections shall transfer physical custody of the ballots to the Association.

2. In the event of a recount or other challenge to the election process, the Inspector of Election shall, upon written request, make the ballots available for inspection and review by Members or their authorized representatives. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

3. After the transfer of the ballots to the Association, the ballots shall be stored in a secure place for at least one year after the date of the Board meeting at which the ballots were counted and tabulated.

**Section 2 Elections Regarding Other Specific Matters**

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This Section 2 shall apply to elections regarding (i) Assessments, (ii) removal of directors, (iii) amendments to the governing documents, and (iv) grants of exclusive use common area property pursuant to California Civil Code Section 1363.07.

**A. Access to Association Media and Common Area Meeting Space.** The Association shall ensure that the legal requirements set forth in California Civil Code Section 1363.03(a)(1) and (2) are met by implementing the following:

1. *Association Media.* If the Association provides access to Association media, newsletters, or website during a campaign to any Member advocating a point of view for purposes that are reasonably related to the election, then all Members advocating a point of view for purposes that are reasonably related to the election shall have equal access to the forum provided. The Association shall not edit or redact any content from these communications; however, the Association may include a statement specifying that the Member, and not the Association, is responsible for the content of the communication, and that the Association was required by law to publish the communication verbatim, regardless of content.

2. *Common Area Meeting Space.* Access to common area meeting space, shall be provided during a campaign to all Members advocating a point of view for purposes reasonably related to the election, at no cost, subject to procedural rules as may be adopted by the Board to assure orderly use of such meeting space.

B. **Content of Ballot.** Each ballot shall contain:

1. The identification of the matter that is the subject of a pending Member vote;
2. a statement that the balloting period will close at such time and on such date established by the Board, which shall be not less than 30 days from the date of the ballot packets are mailed to the Members; and
3. a statement that the Board shall have the power to extend the balloting period if sufficient ballots have not been received to establish a quorum.

C. **Distribution of Ballot Packets.** Not less than 30 days prior to the date established by the Board for the close of the balloting period, the Association shall mail, via first-class U.S. mail, one ballot packet to each Member. Each ballot packet shall contain all of the following:

1. One official ballot;
2. two sealable envelopes, a smaller (inner) envelope and a larger (outer) envelope; and
3. instructions on how to vote using the two-envelope system.

The smaller envelope may be marked with the words "Inspector of Elections", or other marking that does not disclose the identity of the Member on the smaller envelope. There shall be no other distinguishing markings on the smaller envelope. The larger envelope shall be pre-addressed to the Inspector of Elections at the address specified by the Inspector of Elections. The larger envelope shall contain *either* blank lines in the upper left hand corner for the voter to 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 *or* a pre-printed label that indicates the voter's name and the address or separate interest identifier that entitles him or her to vote and contains at least one blank line for the voter to sign his or her name.

D. **Rules Regarding Voting Using the Two-Envelope System.** See Section 1, Paragraph F of these Election Rules.

E. **Balloting Period.** See Section 1, Paragraph G of these Election Rules.

F. **Inspector of Election.** See Section 1, Paragraph H of these Election Rules.

G. **Opening of Envelopes / Counting and Tabulation of Ballots.** See Section 1, Paragraph I of these Election Rules.

H. **Election Results.** See Section 1, Paragraph J of these Election Rules.

I. **Custody, Storage and Retention of Ballots.** See Section 1, Paragraph K of these Election Rules.

**Section 3      General Election / Voting Provisions**

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This Section 3 shall apply to all Member voting matters including, without limitation, elections regarding (i) Assessments, (ii) selection of Directors, (iii) selection of Delegates and alternate Delegates, (iv) removal of Directors, (v) amendments to the governing documents, and (vi) grants of exclusive use common area property pursuant to California Civil Code Section 1363.07.

A.      **Qualifications for Voting.** There is one class of Members entitled to vote who shall all be Owners and shall be entitled to one (1) vote for each Lot owned.

B.      **Voting Power of Memberships.** In Director, Delegate, and alternate Delegate elections, with respect to each Lot owned by a Member, such Member shall be entitled to cast one vote for each vacant seat being filled. In all other matters, each Member shall be entitled to cast one vote for each Lot owned by such Member.


C.      **Proxies.**

1.      Proxies shall not be construed or used in lieu of a ballot. The Association may, but is not required, to use proxies if permitted or required by the Bylaws and if those proxies meet the requirements of Civil Code Section 1363.03, other laws, and the requirements in the Association's governing documents.

**CERTIFICATE OF SECRETARY**

I hereby certify that I am the Secretary of Stonelake Master Association, a California nonprofit mutual benefit corporation duly organized and existing under the laws of the State of California, and that this is a true copy of the Election Rules unanimously adopted by the Board of Directors of Stonelake Master Association at its meeting held on July 6, 2011, at which a quorum of the Board of Directors was present, and that the same do now constitute the Election Rules of the Stonelake Master Association.

Dated: July 12, 2011

  
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Michael Dubé, Secretary