

**PYRAMID PEAK
HOMEOWNERS 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 the 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.** With 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 to 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.

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 shall close consistent with the governing documents.
 - g. Determine the tabulated results 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, the Corporations Code, 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 the election.

Section 2. Director Qualifications

- A. Be a member in good standing of the Association
 1. Member, an owner, the holder of record fee title to a lot in the Association.
 2. In good Standing, assessments are current and no on going violations of the governing documents.

Section 3. Nomination and Candidate 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. The Board of Directors may appoint a nominating committee in accordance with the Governing Documents of the Association.
- C. The nominating committee may (or upon receipt of the list of nominees, the Board of Directors may) but is not obligated to, schedule a "Candidates Forum" (or series thereof) for purposes of permitting candidates to discuss their interest and qualifications to serve on the Board. If such a meeting is scheduled, Members advocating a point of view reasonably related to the election shall also be entitled to address the audience as required by Civil Code section 1363.03(a)(1), subject to any timing requirements that may be set by the moderator of the forum. At the end of the last forum is held hereunder, candidates shall be closed as determined by the Board of Directors upon receipt of the list of nominees.
- D. If upon the close of nominations under subsection C, above, the number of eligible candidates nominated for the Board of Directors is equal to or less than the number of Directors to be elected, the Board may dispense with the secret ballot election and declare the qualified candidates elected to the Board. Within 15 days after the candidates take office the Board shall publicize the appointments in a communication directed to all Members. If the number of Directors so elected is less than the number of vacancies, the Board of Directors shall fill the vacancy as may be provided for in the Bylaws or California law.

- E. In the event that the election is a contested election in that the number of candidates exceeds the number of seats to be filled on the board of Directors, the Board shall proceed with the secret ballot election procedure set forth in Civil Code Section 1363.03 and these rules.

Section 4. Media Access

- A. If any publicity is provided by the Association for purposes that are unreasonably 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 of the Association is not responsible for its content. The following statement shall be publicized by the Association: *"The views expressed are those of its author and do not reflect the sole 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

Access to common area meeting space 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 place.

Section 6. Association Funds

In accordance with Civil Code Section 1363.04, Association funds shall not be used for campaign purposes in connection with any election except as necessary to hold the election.

Section 7. Voting Qualifications

- A. **Voting qualifications of each Member.** Only Members shall be entitled to vote on matters requiring the approval of the owners.
- B. **Voting power of each Member.** There are two classes of voting memberships:
- *Class A Members* shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each lot owned.

- *Class B Members* shall be Declarant who shall be entitled to three (3) votes for each Residential Lot owned by Declarant.
- C. **Voting period for elections.** Voting periods shall be determined by the Board of Directors.
- D. **Date of Election.** If ballots are distributed, the date that ballots are distributed shall be the date of election. If director seats are filled by the process of acclamation (see Section 3(C), above and Sections 8(D) & (E), below), the date of election shall be the date of appointment by acclamation.

Section 8. Methods of Voting

- A. The Association shall not 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 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.
- C. Cumulative voting is permitted in accordance with Article VI, Section 2 of the Bylaws.
- D. In any election of Directors where the number of candidates upon the close of nominations does not exceed the number of Directors to be elected (*i.e.* an uncontested election), the Board of Directors may dispense with the requirement that the Association conduct an election of directors by secret ballot in accordance with Civil Code Section 1363.03(e) and approve the slate of candidates by acclamation.
- E. Any seats not filled by a Vote of the Members herein or by acclamation in accordance with Section 8(D) hereof may be filled by remaining Directors.

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 Director's sole discretion the voting period may be extended if sufficient ballots have not been received to constitute a quorum.
- C. In the event that the voting period is extended and sufficient ballots have not been received to constitute a quorum for an adjourned meeting under Article IV, Section 4 of the Bylaws, the Board of Directors shall be entitled to fill any vacancies that may exist on the Board by majority vote of the remaining Directors.

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 small (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 the 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 another 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 Directors 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 and until the time allowed by California Corporations Code Section 7527 for challenging the election has expired.
- b. In the event of 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 Members or their authorized representatives, Any recount shall be conducted in a manner that preserves the confidentiality of the vote.
- c. Once the time for challenging the election had expired the Inspector(s) of Election shall transfer physical custody of the ballots to the Association.

1. **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 the 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.