

March 1, 2007

Dear Playmor Terrace Owner:

Enclosed please find a copy of the proposed Rules and Procedures for Elections and Balloting. All members have thirty (30) days from the date of this Notice to submit any comments to the Board of Directors regarding the proposed rule. Written comments should be addressed to:

Board of Directors
Playmor Terrace Homeowners Association
c/o A. McKibbin & Co.
7529 Draper Avenue, Suite D
La Jolla, CA 92037

Sincerely,



Sean DeFreitas
Community Association Manager
Playmor Terrace Homeowners Association

**PLAYMOR TERRACE HOMEOWNERS ASSOCIATION
RULES AND PROCEDURES FOR ELECTIONS AND BALLOTING**

- A. **Qualifications of Directors.** A director's qualifications are outlined in the Association's Bylaws (as amended from time to time). The Association's Bylaws or in accordance with your Association's governing documents members of the Board shall be Members of the Association or representatives of the Declarant.
- B. **Procedure for Nomination of Candidates to the Board of Directors.**
- (1) Prior to the Association's Annual Meeting of Members, the Association (through its Management Company) will distribute to the Members a Request to Serve/Candidate's Statement Form, to serve on the Board of Directors.
 - (2) All individuals desiring to run for a position on the Board of Directors must complete the Request to Serve/Candidate's Statement Form and return the completed forms to the Management Company [or to the individual(s) specified on the forms] on or before the deadline date noted on the form or accompanying materials. Interested individuals who fail to submit a Request to Serve/Candidate's Statement Form by the specified deadline date will not have his/her name included in the election materials that are sent to the membership prior to the Annual Meeting of Members. However, individuals may be nominated from the floor at the Annual Meeting of Members and may receive write-in votes once in accordance with your Association's governing documents.
 - (3) The Candidate's Statement will be distributed to all Association Members, together with the election materials. The Association will not edit the content of the Candidate's Statement and the candidate/nominee is solely responsible for the content.
- C. **Campaigning and Access to Association Media and Facilities.** The Association has no obligation to provide any candidate or Member access to Association media, newsletter or Internet website during a campaign. However, in the event any one candidate or Member is provided access to any Association media, newsletter or Internet website during a campaign (for purposes reasonably related to the election/campaign) the Association shall provide equal access to all candidates and Members advocating a point of view, including those views not endorsed by the Board. The Association shall not edit or redact any content from these candidates's/Member's communications, but the Association may include a statement specifying that the candidate, or Member, and not the Association, is responsible for the content.

The Association will ensure equal access to any Common Area meeting space (if any exists) during an election/campaign. Equal access will be granted at no cost to the candidates and to Members advocating a point of view, including those views not endorsed by the Board, for purposes reasonably related to the election/campaign.

Association funds shall not be used for campaign purposes in connection with any Association Board election. "Campaign purposes" include, but are not limited to (i) expressly advocating the election or defeat of any candidate that is on the Association ballot or (ii)

including photographs or featuring the name of any candidate in communications from the Board or the Association (excepting the ballot and ballot materials), within 30 days of the election. "Campaign purposes" do not include fees incurred by the Association to conduct the election or to comply with any duties of the Association imposed by law. All candidates or members reserving the common area facility are asked to leave the facility in a clean and undamaged condition.

D. Inspectors of Election.

(1) Appointment of Inspectors of Election

Prior to the mailing of election or balloting/solicitation materials to the membership, the Board of Directors will appoint three Inspectors of Election to oversee and certify the results of the election/voting and to perform the duties as set forth below. The three Inspectors of Election may consist of the following categories of individuals:

- (i) An employee of the Association's Management Company. However, only a maximum of one of the three Inspectors of Election may be an employee of the Association's Management Company; and/or
- (ii) Member(s) of the Association, who are not Board members, a candidate for election, related to or who resides with a Board member or a candidate for election; and/or
- (iii) Independent third parties, including, but not limited to, a volunteer poll worker with the county registrar of voters, a member of an accounting Firm, consulting Firm, or a notary public.

For example, the Inspectors of Election appointed by the Board, in advance of any election/balloting/solicitation may be one management company employee, one Member of the Association and one independent third party (e.g. volunteer poll worker). Alternatively, the Inspectors of Election may be three Members of the Association, or they may be three independent third parties or any combination of the individual categories identified above.

Independent third party Inspectors of Election will be compensated for their services. Members of the Association who are appointed to serve as Inspectors of Election shall not be compensated for their services.

The three Inspectors of Election shall decide amongst themselves, who shall be the Chief Inspector of Election and/or who shall be responsible for receiving the ballots from the membership, and bringing the ballots to the open meeting of Members, for tabulation. Further, unless otherwise specifically prohibited by law, the Inspectors of Election shall have the right to appoint and oversee additional persons to verify the signatures, count and tabulate the ballots, as the Inspectors of Election deem appropriate.

(2) Duties of the Inspectors of Election

The Inspectors of Election shall be responsible to:

- 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 the ballots (and determine the location to which all ballots are to be returned);
- 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/ballots;
- f. Determine when the polls shall close;
- g. Determine the tabulated results of the election or balloting;
- h. Report the tabulated results of the election or balloting to the Board of Directors within 10 days of the date the polls shall close;
- i. Perform any acts as may be proper to conduct the election or balloting in fairness to all Members and in accordance with California law and all rules of the Association (which are not in conflict with California law).

E. Voting Procedures.

- (1) Except for the election or removal of directors, a membership meeting shall not be required, unless required by the Association's Governing Documents. However, the Board may call a Special Meeting of the Members for Members to vote on other items which legally require a vote of the membership, including, but not limited to, an increase in assessments (pursuant to California Civil Code Section 1366, as amended from time to time), amendments of the Association's Governing Documents, the grant of Exclusive Use Common Area property pursuant to California Civil Code Section 1363.07 (as amended from time to time).
- (2) All Members whose membership rights and privileges have not been suspended (in accordance with the Association's Governing Documents) are entitled to vote. Pursuant to the Association's Governing Documents, Members shall be entitled to one vote per Residential Lot/Unit, except in the election of directors (and in other instances) where cumulative voting is allowed. Cumulative voting for directors shall be conducted in accordance with the Association's Governing Documents. Members may vote either in person, by proxy (as permitted by law and/or the Association's Governing Documents) and, in certain instances, by ballot by mail, as designated by the Board. A "secret ballot" as provided for by Civil Code Section 1363.03 shall not be interpreted to be a written ballot, as described in Section 7513 of the Corporations Code).
- (3) In any election or balloting/solicitation materials sent to the membership, the materials will indicate the following:

- a. The voting power of each type of membership (if applicable);
 - b. The voting period (i.e. any deadlines for return of election/voting materials); and
 - c. The time and place where the ballots will be tabulated, including the time when the polls will open and close.
- (5) The Association may continue to use and accept proxies (as defined in Section 7513 of the Corporations Code), as permitted by the Association's Governing Documents (including, but not limited to, the Bylaws) and if the proxies meet the requirements of the Association's Governing Documents and California law. A proxy shall not be construed or used in lieu of a ballot. The proxy may be revoked by the member prior to the receipt of the secret ballot by the Inspector of Election(s), as described in Section 7613 of the Corporations Code.
- (5) When ballots by mail are utilized, members may submit their ballots by mail during the voting period to the address designated in the election/voting materials, up until the deadline for the return of the election/voting materials or up until any extensions of the deadline, as designated by the Board.
- (6) Once a secret ballot is cast, it shall be irrevocable.
- (7) Each secret ballot received by the Inspector of Election(s) shall be treated as a member present at a meeting, for purposes of establishing a quorum pursuant to the Association's Governing Documents.
- (8) The Board of Directors may authorize the postponement or extension of the tabulation of the ballots to another date and time (which shall be at a meeting open to the membership), if requested by all three Inspectors of Election and upon a showing of good cause. The Inspectors of Election's (or their designee's) inability to complete the tabulation of the ballots prior to 9:00 p.m. on the originally scheduled meeting date shall constitute good cause for the postponement or extension of the tabulation of the ballots. In case of a postponement or extension of the tabulation of the ballots, the three Inspectors of Election shall decide, amongst themselves, which Inspector of Election shall retain custody of all of the ballots, until the postponed/extended date for the tabulation of the ballots.
- (9) After voting has been completed and the ballots tabulated, the ballots shall remain in the custody of the Chief Inspector of Election, until the time allowed by Section 7527 of the Corporations Code (or any superseding statute) for challenging the election and/or balloting has expired. At that time, all ballots will be transferred to the custody of the Association, or its designated agent, for a period of one-year following the date of the election or voting. At the conclusion of the one-year period, the ballots may be destroyed.

(9) All elections/balloting shall be conducted in accordance with the Association's Governing Documents and applicable laws.

F. Additional Election and Voting Procedure Information. The above-stated Rules and Procedures do not contain all of the information concerning elections and voting procedures in the Association. Additional provisions pertaining to elections and voting procedures in the Association are contained in the Association's Governing Documents, including, but not limited to, the CC&Rs and the Bylaws. These documents can also apply and should be reviewed by all Members of the Association.

It is the intent of the Association to comply with the California Civil Code (and all applicable laws) concerning election and voting/balloting procedures. As a result, the above-stated Rules and Procedures for Elections are hereby adopted by the Board of Directors of PLAYMOR TERRACE HOMEOWNERS ASSOCIATION on February 21, 2007 and shall be effective on and from April 1, 2007.

PLAYMOR TERRACE HOMEOWNERS ASSOCIATION