LA VETA MONTEREY CONDOMINIUM ASSOCIATION

ELECTION AND VOTING RULES

(California Civil Code Section 5100 et seq.)

1. INTRODUCTION

These Election and Voting Rules ("Rules") establish certain procedural rules for the successful management of membership meetings and implement the relevant provisions of the Association's Bylaws, the California Civil Code, and the California Corporations Code concerning membership elections and membership voting.

2. EQUAL ACCESS

If any candidate or member advocating a point of view is provided access to Association media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all candidates and members advocating a point of view, including those not endorsed by the Board, for purposes that are reasonably related to the election. The Association shall not edit or redact any content from these communications; provided, however, the Association shall not be responsible or liable for the content of any such communications, and the Association may include a statement in the communication specifying that the candidate or member, and not the Association, is responsible for the content.

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

3. USE OF ASSOCIATION FUNDS FOR CAMPAIGN PURPOSES PROHIBITED

Association funds shall not be used for campaign purposes in connection with any Association Board election. Funds of the Association shall not be used for campaign purposes in connection with any other Association election except to the extent necessary to comply with duties of the Association imposed by law. As set forth in Civil Code Section 5135, for the purposes of this section "campaign purposes" include, but are not limited to, the following:

A. Expressly advocating the election or defeat or any candidate that is on the Association election ballot.

B. Including the photograph or prominently featuring the name of any candidate on a communication from the Association or its board, excepting the ballot and ballot materials, within 30 days of an election, provided that this is not a campaign purpose if the communication is one for which subdivision (a) of Civil Code Section 5105 requires that equal access be provided to another candidate or advocate.

4. CANDIDATE QUALIFICATIONS AND NOMINATION PROCEDURES

The Board of Directors consists of five (5) persons. Only persons who are not disqualified from nomination as a candidate for any of the reasons set forth below are qualified to be elected to the Board of Directors.

Subject to the requirement in Civil Code Section 5105(e) to provide the opportunity to engage in internal dispute resolution, the following persons are disqualified from nomination as a candidate:

(1) Any nominee who is not a member of the Association. If title 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 of the Association for purposes of Sections 5100 through 5145;

(2) Any nominee who has been a member of the Association for less than one year;

(3) Any nominee who, if elected, would serve on the Board at the same time as another person who holds a joint ownership interest in the same condominium unit as the nominee and the other person is either properly nominated for the current election or an incumbent director;

(4) Any nominee who discloses, or if the Association is aware or becomes aware of, a past criminal conviction that would, if the nominee was elected, either prevent the Association from purchasing the fidelity bond coverage required by Section 5806 or terminate the Association's existing fidelity bond coverage.

(5) Subject to subparagraph (6) below, a nominee for a Board seat, and a Director during his or her Board tenure, must be current in the payment of regular and special assessments. A nominee shall be disqualified from nomination for nonpayment of regular and special assessments, but may not be disqualified for nonpayment of fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party (e.g., management, or a collection firm).

(6) The nominee shall not be disqualified for failure to be current in payment of regular and special assessments if any of the following circumstances are true:

(a) The nominee has paid the regular or special assessment under protest pursuant to Section 5658; or

(b) The nominee has entered into and is in compliance with a payment plan pursuant to Section 5665.

(c) The nominee has not been provided the opportunity to engage in internal dispute resolution (IDR) pursuant to Section 5900.

A person may nominate himself or herself for election by submitting his or her name as a candidate using the candidacy form prescribed by the Association, provided the form is received by the date prescribed. Nominations (including self-nominations) to be elected to the Board may also be made from the floor of any meeting of the Members at which directors are to be elected; provided, however, only those who give their consent to be nominated may be nominated.

The Association shall, at least 30 days before any deadline for submitting a nomination, provide general notice (Section 4045) of the procedure and deadline for submitting a nomination. Individual notice shall be delivered pursuant to Section 4040 if individual notice is requested by a Member.

The Association shall retain, as association election materials (Section 5200(a)(13)), both a candidate registration list and a voter list. The candidate list shall include name and address of individuals nominated as a candidate for election to the Board of Directors. The voter list shall include 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.

Members shall be permitted to verify the accuracy of their individual information on both lists at least 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 business days.

5. VOTING QUALIFICATIONS, THE VOTING POWER OF EACH MEMBERSHIP, AND QUORUM REQUIREMENTS

Each membership shall be entitled to one (1) vote per Unit. In the case of election of directors, each Unit is entitled to one (1) vote for each position to be filled on the Board of Directors, and Members shall be entitled to cumulate their votes for one or more candidates.

If title 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 of the Association for purposes of Sections 5100 through 5145.

For elections of directors and for recall elections, the Association shall, at least 30 days before the ballots are distributed, provide general notice (Section 4045) of all of the following:

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; and

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

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

6. INSPECTORS OF ELECTION

In accordance with Civil Code Section 5110, the Board of Directors shall appoint either one (1) or three (3) independent third parties to serve as Inspector(s) of Election. An "independent third party" includes, but is not limited to, (a) a volunteer poll worker with the county registrar of voters, (b) a licensee of the California Board of Accountancy, (c) a notary public, or (d) a member of the Association who is neither a director, a candidate for election as a director, nor related to a director or candidate for election as director. An Inspector of Election, and any person appointed by an Inspector of Election to assist in verifying signatures or in counting and tabulating votes, must be an independent third party and 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. The Inspector(s) of Election shall perform the duties set forth below and shall sign a report or certificate evidencing the voting results. The decision of a majority of the Inspectors shall control.

A. Duties of Inspectors of Election:

1. Determine the number of memberships entitled to vote and the voting power of each;

2. Confirm the number of memberships represented at the meeting;

3. Confirm the existence of a quorum;

4. Determine the authenticity, validity, and effect of proxies and ballots;

5. Hear and determine all challenges and questions in any way arising in connection with the right to vote;

6. Count and tabulate all votes;

7. Determine when the polls shall close;

8. Determine the result of the voting;

9. Perform any acts as may be proper to conduct the balloting or election with fairness to all members.

The Inspector(s) of Election shall deliver, or cause to be delivered, at least 30 days before an election, to each member both of the following documents:

A. The ballot or ballots; and

B. A copy of the election operating 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 include 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:"; or

ii) Individual delivery, as described in California Civil Code section 4040.

Notwithstanding any other law, the Association and the Inspector(s) of Election shall not:

(A) Deny a ballot to a member of the Association for any reason other than not being a member of the Association at the time the ballots were distributed;

(B) Deny a ballot to a person with general power of attorney for a member. The ballot of a person with general power of attorney for a member of the Association shall be counted if returned in a timely manner.

7. ELECTION BY ACCLAMATION

Notwithstanding the secret balloting requirement in Paragraph 8 of these Election and Voting Rules below, or any contrary provision in the governing documents, when, as of the deadline for submitting nominations, the number of qualified candidates is not more than the number of vacancies to be elected, as determined by the Inspector or Inspectors of the Election, the Association may, but is not required to, consider the qualified candidates elected by acclamation if all of the following conditions have been met:

(a) The Association has 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.

(b) The Association provided individual notice of the election and the procedure for nominating candidates as follows:

(1) Initial notice at least 90 days before the deadline for submitting nominations provided for in subdivision (a) of Civil Code Section 5115. 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.

(2) A reminder notice between 7 and 30 days before the deadline for submitting nominations provided for in subdivision (a) of Civil Code Section 5115. 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. This statement 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.

(c)

(1) The Association provides, within seven business days of receiving a nomination, a written or electronic communication acknowledging the nomination to the member who submitted the nomination.

(2) The Association provides, within seven business days of receiving a nomination, a written or electronic communication to the nominee, indicating either of the following:

(A) The nominee is a qualified candidate for the board of directors.

(B) The nominee is not a qualified candidate for the Board of Directors, the basis for the disqualification, and the IDR meet and confer procedure, by which the nominee may appeal the disqualification.

(3) The Association may combine the written or electronic communication described in paragraphs (1) and (2) into a single written or electronic communication if the nominee and the nominator are the same person.

(d)

(1) The Association permits all candidates to run if nominated, except for nominees disqualified for running as allowed or required pursuant to Paragraph 4 of these Election and Voting Rules.

(2) Notwithstanding paragraph (1), the Association may disqualify a nominee if the person has served the maximum number of terms or sequential terms allowed by the Association, if any.

(e) The Association's Board of Directors votes to consider the qualified candidates elected by acclamation at a duly noticed open Board meeting for which the agenda item reflects the name of each qualified candidate that will be seated by acclamation if the item is approved.

8. SECRET BALLOT PROCEDURES APPLICABLE TO CERTAIN VOTING AND PROXY USE

Membership voting regarding assessments, election and removal of members to the Board of Directors, amendments to the governing documents, and the proposed grant of exclusive use of common area pursuant to Civil Code Section 4600 (hereinafter "Secret Ballot Topics") shall be conducted through secret ballot procedures in compliance with Civil Code Section 5100 et seq. The Association may distribute proxies in connection with Secret Ballot Topics, and the Inspector(s) of Election shall be entitled to invalidate any proxy or other document purporting to cast a Member's vote used in connection with Secret Ballot Topics that does not comply with these Rules and applicable law, including the secret ballot procedures set forth in Civil Code Section 5100 et seq.

A Member may cast his or her vote on a Secret Ballot Topic in person at a meeting, provided the Member casts the vote using a secret ballot in compliance with Civil Code Section 5115. In the event the required quorum is not attained at an initial or adjourned meeting at which secret ballots will be used, and in the event the meeting is adjourned to another date, all secret ballots cast shall carry over until quorum is attained.

In instances where proxies are used, in order to be counted the proxy must (a) identify a proxyholder (who must be in attendance at the meeting for which the proxy is given), (b) contain voting instructions, and (c) be dated and signed by the Member in good standing giving the proxy. The Inspectors may disqualify a proxy that does not satisfy these requirements. Any instruction given in a proxy that

directs the manner in which the proxyholder is to cast the vote must be set forth on a separate page of the proxy that can be detached and given to the proxy holder to retain. The proxy holder must cast the Member's vote by secret ballot in accordance with any instructions the Member provides.

9. VOTING AND COUNTING OF BALLOTS/PROXIES

All votes shall be counted and tabulated by the Inspector(s) of Election in public at a properly noticed open meeting of the Board of Directors or at a properly noticed meeting of the members. Any candidate or other member of the Association may witness the counting and tabulation of the votes from a reasonable distance, as determined by the Inspector(s) of Election. Members may not interfere with the counting and tabulation of the votes, and the Inspector(s) of Election may order any person the Inspector(s) of Election determine to be interfering with the counting and tabulation of votes to leave the area. In accordance with the holding of Chantiles v. Lake Forest II Master Homeowners Association (1995) 37 Cal. App. 4th 914, only the Inspector(s) of Election and the Association's legal counsel shall be permitted to inspect the proxies during the voting process in those instances in which proxy voting is permitted in order to protect the members' privacy rights.

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.

A. Unless otherwise provided in the Notice of Meeting or the Ballot solicitation, as applicable:

1. The voting period for Secret Ballot Topics shall commence when the first ballot is mailed or delivered to an Association Member, and shall end at such time as the Inspector(s) of Election determine the polls close;

2. With respect to voting at membership meetings on topics other than Secret Ballot Topics, the voting period shall commence at the meeting at such time as the chairperson declares the voting period open and shall end at such time as the Inspector(s) of Election shall determine the polls close; and

3. With respect to voting through a mail-in ballot on matters other than Secret Ballot Topics, voting shall commence when the first ballot is mailed or delivered to an Association Member and shall end at such time as is specified on the ballot.

B. A ballot shall be irrevocable upon the Association's receipt of the ballot, and a Member's submission of a secret ballot shall be deemed to be the Member's presence at the meeting for purposes of determining the presence of a quorum at the meeting.

C. All questionable proxies and ballots are to be separated for a determination of validity by the Inspectors.

D. If the number of votes cast on a ballot or proxy exceeds the number of permissible votes, the ballot or proxy, for voting purposes, shall be invalid and shall not be counted, but shall be counted for quorum purposes only.

E. When a voting box for a candidate is "checked" or otherwise marked by a non-numerical symbol (e.g., an "X"), and it is the only box "checked" or marked, all of the member's votes shall be counted for that candidate. When fewer boxes are "checked" or marked by a non-numerical symbol on the

ballot than the number of directors to be elected, the count shall be one vote per "check" or mark not to exceed the number of authorized votes.

F. If votes are cast on a proxy, but the Member failed to check the box indicating that the proxy is to be voted in accordance with the Member's instructions, the votes cast shall be counted as marked by the Member, provided there are no conflicting instructions on the proxy and the proxy is otherwise valid.

10. ANNOUNCEMENT OF RESULTS/CUSTODY OF VOTING MATERIALS

The tabulated results of the election shall be promptly reported to the Board of Directors of the Association 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. Within 15 days following the election, the Board shall give general notice pursuant to Civil Code Section 4045 of the tabulated results of the election.

The sealed ballots, 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) 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(s) of Election 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.