

ELECTION AND VOTING RULES AND PROCEDURES

of Mt. Shasta Forest Property Owners Association, Inc.

The following Rules and Procedures, upon adoption by the Board of Directors as an operating rule of the Association, shall govern the policies and procedures of all elections and voting of Mt. Shasta Forest Property Owners Association, Inc. (the "Association"), until such time as they may be amended or superseded by further lawful action of the Board of Directors.

1. Director Qualifications and Nominations.

1.1 Candidate Qualifications. All candidates for election as a Director of the Association must meet the following minimum qualifications:

a. All candidates must be a member of the Association at the time of nomination. If the candidate is a member at the time of nomination and loses membership rights prior to election as a director, such candidate shall be deemed ineligible to be elected as a director.

b. All candidates must have been a member of the Association for a minimum of 365 consecutive days prior to nomination. Date of membership shall be conclusively established either by: 1) the date of recordation in the Official Records of the County of Siskiyou of the instrument upon which the candidate relies to establish membership, or 2) written notice provided to the Association of right of membership, along with a copy of the instrument upon which such member relies to claim right of membership. For purposes of determining eligibility hereunder, the date of nomination shall be counted as the first day and, counting backward, the potential candidate must have been a member continuously for 365 days.

c. All candidates must be current in payment of all regular and special assessments (not including enforcement assessments, fines, collection charges, late charges, or costs). Candidates who have paid assessments under protest, or who have entered into a valid payment plan with the Association shall be considered to have made timely payment. If the candidate is current with payments at the time of nomination and becomes non-current on payments prior to election as a director, such candidate shall be deemed ineligible to be elected as a director.

d. No candidate may be elected who holds a joint ownership interest in the same parcel or lot as another director or already nominated candidate. Nominations shall be processed by the Board of Directors and/or Inspector of Elections on chronological basis as received. In the event two nominations are received simultaneously by two or more candidates who would make the others ineligible under this subsection, all shall be rejected until and unless all agree in a writing provided to the Association on which candidate will be nominated from the potentially ineligible candidates.

e. No candidate may be elected who has been convicted of a criminal offense that would, if the candidate were elected, either prevent the Association from purchasing a fidelity bond, or would terminate the Association's existing fidelity bond coverage. Candidates shall have a duty to disclose with their candidacy nomination papers the existence of any criminal

convictions for drug offenses, acts of violence, or convictions for crimes related to financial misdeeds, theft, or other related offenses. Failure to disclose such convictions may result in significant liability for the candidate if elected. If a candidate is uncertain whether a prior offence might disqualify them, the candidate should immediately contact the Board and inquire to provide the Board sufficient time to have the candidate vetted by the Association insurer.

1.2 Disqualification of Candidate. All candidates who are deemed to be disqualified by the Board of Directors under these rules shall be notified of such disqualification in writing within 10 days after receipt of the candidate nomination. Such notice of disqualification shall include the reason the Board finds disqualification of the candidate, along with an invitation to participate in Internal Dispute Resolution (“IDR”) regarding the reason for disqualification, according to the most recently adopted IDR rules of the Association for non-fined matters.

1.3 Voided Votes. Any votes cast for a candidate ineligible under these rules shall be considered void. Votes cast and voided for ineligibility shall count toward any quorum requirement for the election or vote in which they are cast.

1.4 Solicitation of Nominations. Nominations must be submitted according to the instructions provided by the Solicitation of Nominations. Such Solicitation of Nominations must be given to the membership no later than 90 days prior to the date of voting. Such Solicitation of Nominations shall be given via the procedures adopted by the Board of Directors for general notice to the membership and may be given via any other means the Board of Directors finds desirable. Such Solicitation of Nominations must contain instructions on how to nominate candidates for election, including the time, date, place, and manner of submitting nominations.

1.5 Identity of Nominee. Nominations may be a self-nomination as candidate, or may be nomination of another person as candidate; however, in the later case, the Association shall confirm the desire of the nominated candidate to run before including them on any ballot.

1.6 Candidate Identification on Ballots. All properly nominated candidates for election must appear on the ballots for election in alphabetical order, along with the lot(s) which entitle the candidate to membership in the Association. Candidates may request a single additional identifier to accompany their name, such as their occupation, etc. Incumbent candidates shall be identified as such. All late received nominations shall be disregarded by the Board of Directors and shall not be included on the ballots. Any late nominated candidate may, however, run a write-in campaign notwithstanding not being timely nominated and included on the ballots.

1.7 Write-In Voting. Ballots shall contain as many write-in slots as there are director seats up for election. The Inspector of Elections shall verify all write-in candidate qualifications under these rules, including desire to run as a candidate, prior to final tally of write-in voting. All write-in votes for disqualified and/or unwilling directors shall be treated as a Voided Vote under section 1.3.

1.8 Nominations from the Floor. In any election where ballots are cast at a meeting of the members, nominations from the floor will be accepted. Such shall be treated as a write-in

candidacy. In any election without meeting of the members and conducted entirely by mail, no nominations from the floor will be accepted.

2. Campaigning.

2.1 **Member Lists.** All Candidates, or any member who can verify membership with a stated desire to campaign on behalf of a candidate, proposal, or point of view (the “Interested Member”), shall be provided with, within a reasonable time after requested the same in writing from the Association, a then-current member list for purposes of campaigning. The Association may charge a reasonable fee related to the preparation of such list.

2.2 **Campaigning and Costs.** Any Candidate or Interested Member may conduct a campaign. Such shall be at their expense with no contribution, payment, or reimbursement from the Association. Association funds shall be prohibited from being used on member campaigns, except as expressly required by law or the Governing Documents.

2.3 **Association Media.** No Candidate, Interested Member, or the Association shall be given access to any Association Media, including, without limitation, social media accounts, newsletters, direct mailings, and/or websites, for purposes of campaigning. Notwithstanding this prohibition, the Association, under direction of the Board of Directors, may use Association Media to encourage members to vote, generally, and/or to vote in the positive for any rule change, governing document amendment, or resolution that the Board of Directors feels is in the best interest of the Association. The Association shall not take any position with regard to the election of Directors, other than to encourage members, generally, to participate in voting and to vote their conscience.

2.4 **Campaign Meeting Places.** The Association shall allow access to any and all common area meeting spaces designated by the Association for purposes of campaigning, if any be so designated, by all Candidates and Interested Members at no cost for purposes reasonably related to a pending Election of the Association. Designation of campaign meeting places is at the sole discretion of the then-sitting Board of Directors. Surcharging members for reasonable costs related to the clean-up of such meeting spaces after meetings called by such members shall not be considered a “cost” for purposes of this Section, to the extent allowable under governing law. Any clean-up surcharge levied by the Association shall have a direct and reasonable relation to the costs expended by the Association for such clean-up.

3. Member Voting, Ballots, and Polls.

3.1 **Voting Power.** Each membership of the Association shall have voting power as directed by the Declaration and/or Bylaws of the Association in effect at the time ballots are cast. In the event the Declaration and Bylaws are silent, for any reason, as to the voting power of the membership, one vote shall be cast for each Lot within the Association. If multiple owners share ownership of one lot, the first vote cast and tallied by the Association shall be conclusively presumed to be the vote for such lot, unless prior to such vote being cast, the owners of such Lot have provided the Association, in writing, with notice of an agreement among the members to

empower any one of the members to vote on behalf of all such members. Owners of multiple lots may cast one vote for each lot owned. Cumulative voting is not allowed.

3.2 Voting by Members. All members, and only members, shall be entitled to vote in elections of the Association. Notwithstanding such requirement, members' votes may validly be cast by any person with a valid general power of attorney for a member, provided notice of the exercise of power of attorney has been provided to the Association together with, or in advance of, the ballot being cast by the Attorney-in-fact.

3.3 Record Date. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action taken by the Association, a record date shall be fixed. The Member of Record as of the beginning of business on the date of the Record Date shall be deemed the Member of Record for the event for which the Record Date is fixed.

a. Record Date Fixed by Board of Directors. The Board of Directors may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record dates established by the Board pursuant to this section must be in accordance with the following requirements:

i. Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall not be more than 90 nor less than 10 days before the date of the meeting.

ii. Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than 60 days before the date of the meeting.

iii. Record Date for Action by Written Ballot Without a Meeting. In the case of determining Members entitled to cast written ballots, the record date shall be no more than 60 days before the day on which the first written ballot is mailed or solicited.

iv. Record Date for Other Lawful Action. In the case of determining Members entitled to exercise any rights in respect to other lawful action requiring member approval, the record date shall be no more than 60 days prior to the date of such other action.

b. Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the following rules shall apply and shall be enforced by the Inspector of Elections:

i. Record Date for Notice of Meetings. The record date for determining those Members entitled to receive notice of a meeting of Members, shall be the business day preceding the day on which notice is given, or, if notice is waived, the business day preceding the day on which the meeting is held.

ii. Record Date for Voting. The record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

iii. Record Date for Action by Written Ballot Without a Meeting. The record date for determining those Members entitled to vote by written ballot on proposed Association actions without a meeting, when no prior action by the Board has been taken, shall be on the day on which the first written ballot is mailed or solicited. When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action.

iv. Record Date for Other Lawful Action. The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

3.4 Authenticity of Votes. Each ballot cast by members shall be enclosed by, or accompanied by, an envelope or other instrument which identifies the name, address, and lot number of the voting member, and must bear the signature of the voting member attesting that they are entitled to cast such vote. The Association shall not have any duty to verify the signature of the member; but, will verify the name, address, and lot number as being a member entitled to vote.

3.5 Validity of Votes. All ballots received by the Inspector of Elections before polls close on the day of election which have been authenticated and not voided shall be deemed to be a valid vote for purposes of the election at hand. Ballots returned to the Association as undeliverable, or unopened, shall not count as a valid vote and shall not count toward any quorum requirement.

3.6 Civil and Criminal Prosecution of Forged Votes. The Board of Directors, at their sole discretion, may initiate civil penalties, and may seek criminal prosecution, for any ballots found to have been forged.

3.7 Proxies. Proxies shall not be accepted by the Inspector of Elections, except as specifically allowed for by the Bylaws of the Association in effect at the time such Proxy vote is cast. All proxy votes must comply with all requirements of the Bylaws, or shall be deemed invalid and void and treated as a vote pursuant to section 1.3 of these rules.

3.8 Secret Ballots. For all matters which require secret ballots under the law, the Governing Documents, or the Rules of the Association, or for which the Board of Directors indicates that Secret Ballots are to be used, such ballots shall conform to the requirements of Civil Code Section 5115, or any successor statute of similar effect.

3.9 Delivery of Ballots. For all matters which are voted on at a meeting of the members, ballots may be distributed in advance of such meeting, or at such meeting. For all matter which are voted on without a meeting of the members, ballots must be distributed by mail at least 30 days prior to the date of voting. It is the members' individual obligation to ensure that the Association has a valid mailing address on file for each member, and the Association is entitled to rely upon the last known address of the member in delivering ballots and notices. The

Association shall not be held responsible for mis-delivered or non-delivered mail and shall be deemed to have fulfilled its obligations upon affidavit of mailing to the members.

3.10 Content of Ballots. In addition to the provisions of Sections 1.6 & 1.7 of these Rules, Ballots shall contain all of the following:

- a. The name of the Association.
- b. The date of the Election, or vote, as the case may be.
- c. Yes and No boxes for any matter which requires a yes or no vote.

If the vote is for the restatement of, or amendment to, Governing Documents, the proposed text of such restatement or amendment shall accompany delivery of the ballots to the members.

Ballots must contain the date, location, poll close time, and manner to return the ballot to cast a vote, or such information must be included with the ballot on a separate written instruction.

3.11 Polls. In all matters where votes take place at a meeting of the members, polls shall open upon a call for vote at such meeting stay open until at least 5:00 p.m. local time, or four hours after the call for vote, whichever is later. In all matters where vote takes place without a member's meeting and entirely by mail, polls shall open for returned mailed ballots the day ballots are mailed to the members and shall stay open for returned mailed ballots until at least 5:00 p.m. the business day prior to the tally by the inspector of Elections.

4. Inspector of Elections.

4.1 Appointment. Appointment of the Inspector(s) of Elections shall be by majority vote of the Board of Directors. In the event the Board of Directors fails to appoint Inspector(s) of Elections prior to providing notice of election to the Members, the Members may elect an Inspector of Elections pursuant to Civil Code Section 5105.

4.2 Number of Inspectors. For each election or vote of the Association, the number of Inspectors of Elections shall be one or three, at the discretion of the Board of Directors at the time of appointment.

4.3 Qualifications. Any Inspector of Elections must be an Independent Third Party as defined by Civil Code Section 5110. An Inspector of Elections may not be a member casting a vote in the election or vote for which they are acting as Inspector of Elections.

4.4 Powers, Obligations, and Authority. Duly appointed or elected Inspectors of Election shall have the following authority and shall abide by the following in in conducting elections and voting on behalf of the Association.

- a. To impartially, in good faith, to the best of the inspector of election's ability, as expeditiously as is practical, and in a manner that protects the interest of all members of the association, carry out the duties, authority, and responsibilities described in these rules, and within Civil Code section 5110.

- b. To do all of the following:
 - i. determine the number of memberships entitled to vote and the voting power of each;
 - ii. determine the authenticity, validity, and effect of proxies, if any;
 - iii. receive ballots;
 - iv. hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;
 - v. count and tabulate all votes;
 - vi. determine when the polls shall close, consistent with these rules and the governing documents;
 - vii. determine the tabulated results of the election;
 - viii. after tabulation, to forthwith provide the Board of Directors a written report of the tabulated results of the election;
 - ix. perform any acts as the inspector deems to be proper to conduct the election with fairness to all members in accordance with these rules, the provisions of Civil Code Sections 5100 – 5145, and the provisions of Corporations Code Sections 7610-7616; and,
 - x. maintain a both a candidate registration list, and a member voter list, and update the same during the candidate and member review period within two days after notification of changes thereto.
- c. To hire, appoint, and oversee additional persons to verify and tabulate votes as such inspector or inspectors deem appropriate, provided that such persons are independent third parties as defined by Civil Code Section 5110.
- d. To ensure that ballots, together with a copy of the then-current election operating rules, are individually delivered to each Member of record, to the members' most recent address provided to the Association, no later than 30 days before the date of election.

5. Applicability, Amendment, Challenge to Vote, Retention of Election Materials.

5.1 **Applicability.** These Rules shall apply to and govern all matters classified as a meeting, vote, act by written ballot without a meeting, or exercise of any rights in respect to any other lawful action taken by the Association, where a vote of the Membership is required or called for. These Rules shall be read broadly and interpreted to not conflict with the Governing Documents and/or applicable law. In the event these Rules cannot be read except as to conflict with the

Governing Documents and/or applicable law, Governing Documents shall be read to supersede these Rules, and applicable law shall be read to supersede the Governing Documents and these Rules.

5.2 Amendment. These Rules may be amended by subsequent action of the Board of Directors pursuant to Civil Code Sections 4350 and 4360, or any subsequent code sections of similar effect.

5.3 Challenge to Votes. If any member challenges a vote on the basis that the vote violated these rules, or in part that the vote violated these rules, such member may proceed with an enforcement action under relevant law.

5.4 Retention of Election Materials. After tabulation, election ballots shall be stored by the Association, or by the Inspector of Elections at direction of the Association, in a secure place for no less than one year after the date of the election. In the event of a recount or other challenge to the election process, the Association or Inspector of Elections shall, upon written request, make the ballots available for inspection and review by Association members or their authorized representatives. Any recount or inspection shall be conducted in a manner that shall preserve the confidentiality of each Member's vote.