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July 25, 2016

Dear University Square Association Owner(s),

Enclosed is the proposed University Square Owners' Association Election Rules. The Board will be voting to adopt this policy at their Open Board meeting on August 31, 2016.

If you have any questions, feel free to contact our office.

Yours truly,

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**UNIVERSITY SQUARE OWNERS' ASSOCIATION
ELECTION RULES**

Whereas, California Civil Code Section 5105(a), with effective date of January 1, 2014, requires the adoption of rules regarding election procedures; appointment of election inspectors; voting by secret ballot; proxy and ballot instructions; publication of election results; and retention of ballots.

Now, therefore, be it resolved that University Square Owners' Association does hereby adopt the following rules:

A. Effective Date

These rules shall become effective upon adoption at the noticed board meeting.

B. Vote by Secret Ballot for Specified Matters

1. The following matters require a vote by secret ballot in accordance with the procedures set forth herein:

- Assessments, where a vote is required by law;
- Election and removal of members of the Board of Directors;
- Amendments to the governing documents; or
- The grant of exclusive use of common area property pursuant to California Civil Code Section 4600.

2. These rules do not limit the authority of the Board of Directors to impose assessments sufficient to perform its obligations in accordance with the provisions of the governing documents and California Civil Code Section 4510.

3. These rules do not limit the Board of Directors from making such recommendations to the membership in regard to all matters, including those matters covered under this Section B, with the sole exception of advocating the election or defeat of any candidate that is on the election ballot, to the extent deemed necessary to comply with duties of the Association as imposed by the governing documents and the law.

C. Fairness in Elections

1. The Association shall ensure that if any candidate or member advocating a point of view is provided access to Association media, newsletters, or Internet websites 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, but may include a statement specifying that the candidate or member, and not the Association, is responsible for that content. The Board may adopt a reasonable deadline for the

submission of all opposition communications reasonably related to the election to facilitate the timely and efficient dissemination of election materials to the members in accordance with this Paragraph.

2. There are no qualifications for candidates for the Board of Directors. The nomination procedure in Article V, Section 5.2.1 of the Bylaws (the "Bylaws") is incorporated herein. Any member may nominate himself or herself for election to the Board of Directors as a candidate in the ballot by giving timely notice to the Board.

3. California Civil Code Section 5105(a) requires that the Association shall specify the qualifications for voting, the voting power of each membership, the authenticity, validity, and effect of proxies, and the voting period for elections, including the times at which polls will open and close.

a). The qualifications for voting are as follows: (1) all members are entitled to vote, Article IV, Sections 4.1 and 4.2 of the Bylaws and Article VII, Sections 7.2 and 7.3 of the "CC&Rs"; (2) the voting power of each membership is equal; and (3) each member shall be entitled to one vote for each lot owned by the member. See Article IV, Section 4.2.1 of the Bylaws. The effect of proxies is as stated in Article IV, Section 4.4 of the Bylaws.

b). All ballots and voting materials shall be provided to members not less than thirty (30) days prior to the time of the meeting of members or Board of Directors at which the votes will be tabulated. Written ballots and proxies must be returned to and received by the inspector(s) no later than the commencement of the meeting at which the votes will be tabulated.

4. Each ballot received by the inspector(s) of election shall be treated as a member present at a meeting for purposes of establishing a quorum. Ballots may provide a space for abstentions from voting. Ballots including one or more abstentions shall nevertheless be treated as a member present at a meeting for purposes of establishing a quorum.

D. Use of Association Funds for Campaign Purposes

1. Association funds shall not be used for campaign purposes in connection with any Association Board election. Association funds 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.

2. For the purposes of this Section, the term "campaign purposes" includes, but is not limited to, the following:

a). Expressly advocating the election or defeat of 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 the Board, excepting the ballot and ballot materials, within thirty (30) days of an election, provided that this is not a campaign purpose if the communication is one for which subdivision (a) of Section 5105 requires that equal access be provided to another candidate or advocate.

3. The inspector of elections may set a limit on the length of the statements of candidates for the Board of Directors.

E. Inspector of Election

1. The Association's Board of Directors shall, for each matter to be voted on falling under Section B, select one or three independent persons to act as inspector(s) of election. The inspector(s) of election selected by the Board of Directors may include, but shall not be limited to:

a). The Association manager, as allowed by California Civil Code Section 5110(b);

b). A volunteer poll worker with the County Registrar of Voters;

c). A licensee of the California Board of Accountancy;

d). A notary public;

e). A member of the Association, who may not be a member of the Board of Directors or a candidate for the Board of Directors, or related to a director or to a candidate for director.

2. The inspector(s) may not be a person who is currently employed or under contract to the Association for any compensable services unless such person, like the Association manager, is expressly authorized by these Rules adopted pursuant to California Civil Code Section 5105(a).

3. 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, in accordance with the governing documents, including these Election Rules.

- b). Determine the authenticity, validity, and effect of proxies, if any.
- c). Receive ballots directly from members by hand delivery or by mail.
- 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, including a reasonable extension of the ballot return date as set forth in the Board approved Ballot.
- 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 Civil Code Section 5105(a) and following, the Corporations Code and the governing documents of the Association regarding the conduct of the election that are not in conflict with Civil Code Section 5105(a) and following. Without limitation, the inspector or inspectors may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector or inspectors deem appropriate, provided that the persons are independent third parties.

4. 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. If there are three inspectors of election, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the inspector(s) of election is prima facie evidence of the facts stated in the report.

5. The inspector(s) may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector(s) deems appropriate, provided that the persons are independent third parties.

F. Proxies

In secret ballot elections, proxy holders must be members. Any instruction given in a proxy issued for an election that directs the manner in which the proxy holder is to cast the vote shall 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 shall cast the member's vote by secret ballot.

G. Secret Voting Procedure

Ballots and two preaddressed envelopes with instructions on how to return ballots 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. In order to preserve confidentiality, a voter may not be identified by name, address, or lot number on the ballot. The Association shall use as a model those procedures used by California counties for ensuring confidentiality of voter absentee ballots, including all of the following:

- a). The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter prints and signs his or her name and indicate the address or separate interest identifier that entitles him or her to vote.
- b). The second envelope is addressed to the inspector of election, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the inspector of election. The member may request a receipt for delivery.
- c). Only official election materials may be used in the election process. These include the Official Ballot, the "Ballot Enclosed" envelope, and the pre-addressed return envelope. Therefore, any unofficial election material will be rejected by the election inspector(s).

H. Election by Acclamation

The members shall be provided a reasonable opportunity to nominate themselves or another member as a candidate for election to the Board of Directors, as provided in these Election Rules. If, following that reasonable period, there are no more candidates for election to the Board than there are vacancies to be filled on the Board, the inspector(s) shall provide a report of such fact to the Board of Directors who may deem the nominees to the vacancies on the Board to be elected and who shall then be deemed elected by acclamation.

I. Director Removal Proceeding

Removal proceedings may not be started against the Board of Directors as a whole or any individual director if: (a) the Board or director has held office during the current term of less than ninety (90) days; (b) a removal election has been determined in the Board's or director's favor within the last six (6) months; or (c) an annual meeting will be held in six (6) months or less. Additionally, if the removal of the entire Board fails, a six-month

waiting period must be observed before removal petitions may be filed against individual directors.

J. Determining the Voting Outcome

1. All ballots must be received by the inspector(s) no later than the commencement of the meeting at which the votes will be tabulated.

2. All votes shall be counted and tabulated by the inspector of election in public at a properly noticed open meeting of the Board of Directors or the members. Any candidate or other member of the Association may witness the counting and tabulation of the votes. No person, including a member of the Association, a member of the Board of Directors, 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. However, the inspector of election, or his or her designee, may verify the member's information and signature on the outer envelope prior to the meeting at which the ballots are tabulated.

3. 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.

4. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a communication directed to all members.

K. Custody of Election Materials

1. The sealed ballots at all times shall be in the custody of the inspector(s) of election or at a location designated by the inspector(s) until after the tabulation of the vote, and until one year after the election, at which time custody shall be transferred to the Association. In the event of a recount or other challenge to the election process, the inspector(s) shall, upon written request, make the ballots available for inspection and review by Association members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

2. After transfer of the election ballots to the Association, election ballots shall be stored by the Association in a secure place for no less than one year after the date of the election.

L. Conflict

Pursuant to Civil Code Section 4205, to the extent of any inconsistency between the governing documents and the law, the law controls; to the extent of any inconsistency between the Articles of Incorporation and the Declaration, the Declaration controls; to the extent of any inconsistency between the Bylaws and the Articles of Incorporation or

Declaration, the Articles of Incorporation or Declaration control; to the extent of any inconsistency between the operating rules and the Bylaws, Articles of Incorporation, or Declaration, the Bylaws, Articles of Incorporation, or Declaration control. These Election Rules are based on California Civil Code Section 5105, and control in the event of any inconsistency with the governing documents.