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August 18, 2008

VIA E-MAIL ONLY TO <u>Barbara@AMR-Management.com</u>

Board of Directors Mariners Cove, Inc.

Re: Mariners Cove, Inc.

Proposed Election and Voting Procedures

Dear Members of the Board:

As per your request, enclosed are the proposed Election and Voting Procedures for Mariners Cove. Please review same and adopt them at emergency meeting of the Board or by unanimous written consent signed by all directors.

Please feel free to contact me if you should have any questions.

Very truly yours,

FELDSOTT & LEE

By

STANLEY FELDSOTT

SF/

Enclosure

[PROPOSED] ELECTION AND VOTING PROCEDURES FOR

MARINERS COVE, INC.

I. All Elections and Membership Votes

(a) Voting

- 1. All membership votes regarding assessments legally requiring a vote, election and removal of members of the Association Board of Directors, amendments to the governing documents, or the grant of exclusive use of common area property pursuant to California Civil Code Section 1363.07 shall be by secret ballot.
- 2. Every person or entity who is a record owner of a fee or undivided fee interest in a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separate from ownership of any lot which is subject to assessment. Any persons or entities who hold an interest merely as security for the performance of an obligation shall not be a member of the Association.
- 3. Each member shall be entitled to one vote for each lot which he or she holds the interest required for membership. Said voting rights shall be subject to the restrictions and limitations provided for in the Declaration of Covenants, Conditions, and Restrictions, as well as the Articles of Incorporation and the Bylaws of the Association.
- 4. When more than one (1) person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

(b) Membership Votes Without a Meeting:

- 1. Except for the meeting to count the votes required in Section III (a) of these Mariners Cove, Inc. Election and Voting Procedures, an election may be conducted entirely by mail.
- 2. Ballots and two pre-addressed 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, parcel, or unit 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:

- i. 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, address, and lot, parcel, or unit number that entitles him or her to vote.
- ii. The second envelope is addressed to the inspector of elections (c/o the management company), who will be tallying the votes. The envelope may be mailed or delivered by hand to the specified location. The member may request a receipt for delivery.
- 3. When there is a membership vote without a meeting, receipt of ballots from at least fifty-one (51%) percent of the votes of the entire membership on or before the cut-off date specified in the voting instructions included with the mailed ballot shall constitute a quorum, except as otherwise provided in the Articles of Incorporation, the Declaration or the By-Laws. The cut-off date shall be determined by the inspectors of election, consistent with the governing documents.

(c) Membership Votes at a Meeting; Proxies; Absentee Ballots:

- 1. Membership votes cast at a meeting regarding assessments legally requiring a vote, election and removal of members of the Association Board of Directors, amendments to the governing documents, or the grant of exclusive use of common area property pursuant to Section 1363.07 shall be by secret ballot.
- 2. Votes may be cast in person or by proxy. A "proxy" is a written authorization signed by a member or the authorized representative of the member that gives another member or members the power to vote on behalf of that member. Proxies must be in writing and filed with the Secretary of the Association. All proxies shall be revocable and shall automatically cease upon conveyance by the member of his lot. The proxy shall state the length of time it shall be valid, provided that in no event shall any proxy be valid after three (3) years from execution. Only a member can be a proxy holder.
- 3. For the purposes of these Mariners Cove, Inc. Election and Voting Procedures, "signed" means the placing of the member's name on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the member or authorized representative of the member.
- 4. 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. Said separate page shall in no way indicate the identity of the proxy giver. The proxy holder shall cast the member's vote by secret ballot. The proxy may be revoked by the member prior to the receipt of the ballot by the inspectors of election as described in Section 7613 of the Corporations Code.

- 5. Proxies shall not be construed or used in lieu of a ballot.
- 6. When a membership vote is set to take place at a meeting, the Association shall mail an absentee ballot to all members. The procedure used for Absentee Ballots shall be the same two envelope procedure described in Section I(b)(2) of these Mariners Cove, Inc. Election and Voting Procedures. Absentee Ballots must be received on or before the cut-off date specified in the voting instructions included with the mailed absentee ballot. The cut-off date shall be determined by the inspector(s) of elections, consistent with the governing documents.
- 7. When there is a membership vote with a meeting, the presence in person or by proxy or absentee ballot at the meeting of at least fifty-one (51%) percent of the entire membership at any meeting shall constitute a quorum, except as otherwise provided in the Articles of Incorporation, the Declaration or the By-Laws. Each ballot received by the inspector(s) of election shall be treated as a member present for purposes of establishing a quorum. A majority of the voting power of members present in person or by proxy or absentee ballot shall prevail at all meetings, except as otherwise provided in the Articles of Incorporation, the Declaration or the By-Laws.
- 8. When there is a membership vote at a meeting, the polls shall open and close at the times specified in the agenda sent with the notice of the meeting. The Inspectors of Election may within their sole discretion extend the closing time of the polls as is necessary so as not to disenfranchise Members of the Association who wish to vote. Under no circumstances may the polls close later than 10:00 p.m.

(d) Inspectors of Election

- 1. The Board of Directors shall annually appoint one (1) or three (3) inspectors of election. An inspector of election may be a volunteer poll worker with the County Registrar of Voters, a certified public accountant, a notary public, an Association attorney, manager, or other paid vendor. An inspector of election may also be a member of the Association, but may not be a member of the Board of Directors, a candidate for the Board of Directors, related to a member of the Board of Directors or related to a candidate for the Board of Directors. The duties of the inspectors shall be as follows:
 - i. Determine the number of members 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 the governing documents.
- vii. Determine the tabulated results of the election.
- viii. Perform any acts as may be proper to conduct the election with fairness to all members in accordance with this section and all applicable rules of the Association regarding the conduct of the election that are not in conflict with this section.
- 2. The inspector(s) of elections may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspectors deem appropriate, provided that the persons are independent third parties. The inspector(s) of election may appoint a volunteer poll worker with the county registrar of voters, a licensee of the California Board of Accountancy, or a notary public. The inspector(s) may also appoint an independent third party member of Mariners Cove, Inc., but may not appoint a member of the Board of Directors or a candidate for the Board of Directors or a candidate for the Board of Directors.

II. Election of Directors:

(a) Nomination Procedure

- 1. Nomination: Nomination forms will be sent to the members at least 65 days before the date of the annual meeting.
- 2. The nomination forms must be received by the Association at least 35 days prior to the date of the annual meeting.
- 3. A Member may nominate himself or any other person. If the Member is nominating another person, then that other person must sign the nomination form accepting the nomination.
- 4. All individuals whose names have been placed in nomination pursuant to the foregoing will have their name printed on the ballot and any proxy mailed by the Association.

(b) Campaign:

1. All candidates and members advocating a point of view shall be provided access to any existing Association media, newsletters or internet websites during the

campaign for purposes reasonably related to that election.

- 2. Equal access to the Association media referenced in paragraph 1 shall be provided to all candidates and members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election. The Association shall not edit or redact any content from these communications but shall include a statement specifying that the candidate or Member, and not the Association, is responsible for the content.
- 3. Any member or candidate shall have access to the common area meeting space, if any exists, during a campaign at no cost for purposes reasonably related to the election.

(c) Election of Officers:

- 1. The Officers of the Association shall be a President, Vice President, Secretary, and Treasurer, and such other officers as the Board may from time to time by resolution create.
- 2. Both the President and the Vice-President must be members of the Board of Directors. The other officers need not be directors.
- 3. The officers shall be chosen annually at a meeting of the Board of Directors, and each shall hold office until he shall resign, be removed, or otherwise be disqualified to serve, or his successor shall be elected and qualified.
- 4. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.
- 5. Any Officer may be removed, either with or without cause by the Board, and also, if the officer was not chosen by the Board, by any officer on whom the Board may confer that power of removal.
- 6. Any Officer may resign at any given time by giving written notice to the Board or the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 7. A vacancy in any office caused by death, resignation or removal may be filled by appointment by the Board of Directors, or by the President until such appointment by the Board of Directors. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

III. Tabulation and Record Retention

- (a) All votes shall be counted and tabulated by the inspector(s) of elections in public at the membership meeting, or in the case of a vote by mail, at a properly noticed open meeting of the Board of Directors or members. Any candidate or other member of the Association may witness the counting and tabulation of the votes. The inspector(s) of elections or his, her, or their designee will retain possession of the ballots until said meeting. 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. When ballots are received by mail, the inspector(s) of elections, or his or her designee, may verify the member's information and signature on the outer envelope prior to the meeting at which ballots are tabulated. Once a secret ballot is received by the inspector of elections, it shall be irrevocable.
- (b) The 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 of the election, the Board shall publicize the results of the election in a communication directed to all members.
- (c) The sealed ballots at all times shall be in the custody of the inspector(s) of elections or his, her, or their designee until after the tabulation of the vote, and until the time allowed by Section 7527 of the Corporations Code 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 process, the inspector of elections shall, upon written request, make the ballots available for inspection and review by an Association member or his or her authorized representative. Any recount shall be done in a manner that preserves the confidentiality of the vote.
- (d) After the transfer of the ballots to the Association, the ballots shall be stored by the Association in a secure place for no less than one year after the date of election.

IV. Miscellaneous

- (a) 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.
- (b) For the purposes of this section "campaign purposes" include, but are not limited to, the following:
 - 1. Expressly advocating the election or defeat or any candidate that is on the Association election ballot.

2. 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.