

CASTELLINA NEIGHBORHOOD CORPORATION

ELECTION RULES

Date Adopted: May 10, 2006

Section 1. Application of Rules: These rules shall apply to any meeting of the membership or solicitation of membership approval by a ballot vote.

Section 2. Qualifications for Membership Voting: Pursuant to the Association's governing documents, the Association has the following voting classes:

Class A Members: Class A members are all Owners except Neighborhood Builder for so long as a Class B membership exists. Class A members are entitled to one (1) vote for each Condominium owned by such Class A members which is subject to Assessment. Neighborhood Builder shall become a Class A member on conversion of Neighborhood Builder's Class B Membership as provided below. The vote for each Condominium shall be exercised in accordance with Section 4.5.1, but no more than one (1) Class A vote may be cast for any Condominium.

Class B Members: The Class B member is Neighborhood Builder. The Class B member is entitled to three (3) votes for each Condominium owned by Neighborhood Builder and subject to Assessment. The Class B Membership shall convert to Class A Membership on the first to occur of the following events:

- (1) The second (2nd) anniversary of the first Close of Escrow in the most recent Phase; or
- (2) The fourth (4th) anniversary of the first Close of Escrow in Phase 1.

Class C Board Appointment Right: Neighborhood Builder shall have a Class C Board Appointment Right (whether or not Neighborhood Builder is an Owner). The Class C Board Appointment Right shall not be considered a part of the voting power of the Neighborhood Corporation, but it entitles Neighborhood Builder to select a majority of the members of the Board of Directors until the "Class C Termination Date." The "Class C Termination Date" shall be the earlier to occur of the following events:

- (1) The Close of Escrow for the sale of sixty-two (62) Condominiums in the Neighborhood and Annexable Territory; or
- (2) The fourth (4th) anniversary of the first Close of Escrow in the Phase for which a Final Subdivision Public Report was most recently issued by the DRE.

The Board may fix a record date in accordance with Corporations Code Section 7511 or as addressed in the Bylaws.

Following Notice and Hearing in compliance with Corporations Code section 7341, the Association's Board of Directors may terminate or suspend any Owner's right to vote as a penalty for violation of the Association's governing documents.

The authenticity, validity and effect of all ballots shall be determined by the Inspector(s) of Election on the night of any election. The polls for any vote of the membership shall be open from the date the Secret Ballot is mailed and shall be closed at the time that envelopes are opened, unless the Inspector determines another time for the polls to close. The polls for any vote of the membership shall close when the Inspector(s) of Election has determined that the ballots shall be counted.

Section 3. Qualifications of Candidacy on the Board: Beginning with the first annual meeting of the Owners, the property, business and affairs of the Neighborhood Corporation shall be governed and managed by a Board of Directors composed of five (5) persons, each of whom, except for those appointed and serving as first Directors, must be either an Owner or an agent of Neighborhood Builder until Neighborhood Builder no longer owns a Condominium or any of the Annexable Territory. The authorized number of Directors may be changed by a duly adopted amendment to these Bylaws.

Section 4. Nominations: Nominations will be solicited by candidacy statements being sent out by management on behalf of the association prior to the annual election and must be returned by the date specified in order to be sent with the balloting materials.

Section 5. Solicitation Materials: Every Candidate and Member shall have equal access to the Association mailings, newsletters, and website, if any access is provided, for the publication of view points reasonably related to any issue presented for membership vote.

Section 5.1. Content: The Association shall not edit or redact any content from these messages, but may include a statement specifying that the Candidate or Member, and not the Association, is responsible for the content of any published statement.

Section 5.2. Limitation on Publication Space Made Available: So long as each Candidate and/or Member is provided the same opportunities for publication, the Association may restrict the availability of any publication by limiting the printing space made available or the number of words that will be included from each Candidate or Member included in the publication. In the absence of more restrictive limitations adopted by the Board for any particular matter, each Candidate and/or Member should be limited to no more than 200 words for any one publication. The Board may, in its sole discretion, present a candidacy questionnaire with questions for all interested Candidates and/or Members to complete. If such a questionnaire is provided, then the Association will only print the answers to such questions and may impose a limitation upon the number of words for the response to any question presented.

Section 6. Proxies: Every member entitled to cast a vote at a meeting of the members shall be entitled to vote either in person, or by proxy. The Association shall make available to owners upon written request, proxy materials for use at any meeting of members whereat the members are entitled to vote. The granting of a proxy shall not authorize the retrieval of any ballot previously cast. Ballots, once cast, are final and irretrievable.

Section 7. Availability of Meeting Space: Access to common area meeting space, shall be made equally available, at no cost, to all Candidates and/or Members desiring to use such space for any reason reasonably related to a membership vote. The Association may meet the requirements of this section by hosting a “Meet the Candidates Night”, or other such special meeting, so long as every Candidate and/or Member is provided with an equal opportunity to participate in the event.

Section 8. Selection of Inspector of Election: Prior to the presentation of any issue to the members for a membership vote, the Association shall appoint one (1) Inspector of Election. The Inspector appointed by the Board may be any person or entity other than: (1) a Director; (2) a Candidate; (3) a Director’s relations; or (4) a Candidate’s relations. The appointed Inspector of Election must be an independent third party and may include, but not be limited to, a Member of the Association or any person or entity employed by and receiving compensation from the Association.

Section 9. Meeting Conduct: Any inspection of ballots shall be done at an open meeting of the membership or the Board of Directors. Any Candidate or Member may observe the count, but shall stand at least five feet away from the Inspector(s). Candidates and/or Members may not harass, cajole or otherwise interfere with the Inspector(s) of Elections while the count is taking place. Members or persons not specifically authorized to do so may not touch any secret ballot or other election materials. All ballots will be made available for inspection by any Candidate or Member during regular business hours at the Association’s management office once the meeting is concluded. Any person violating this Section may be asked by the Inspector of Elections to leave the meeting to prevent further disruption.