

Explanation of the Proposed Revised Operating Rules for Elections

MEMBERS HAVE 30 DAYS TO COMMENT BEFORE ADOPTION OF PROPOSED RULES

Many changes were not substantive; such changes were made for clarity in the text and readability. They are not discussed in this explanation.

The explanation is organized by the headings of those sections the proposed operating rules will substantively change.

Qualifications and Nomination of Candidates for Board of Directors:

Nominees now must be current in payment of dues and fines. The reason and effect is to avoid a nominee with such conflict of interest.

Nominations of Directors:

Self-nominations are now expressly permitted. Previously they were permitted, but the rules were silent on this. The proposed change on this topic conforms to the Davis Stirling Act.

To be eligible, each nominee other than a self-nominee must present a petition signed by six members in support. The effect may be to limit nominees who lack any significant support in the community. Self-nominees who do not submit such a petition may be listed separately on the ballot as nominee(s) without a supporting petition.

With that exception, the order of the nominees on the ballot will now be chosen randomly. The purpose is for a definite rule and increased fairness.

Qualifications for Voting:

The second sub-paragraph of paragraph 1 is new. It confirms each member has as many votes as directors to be elected, but there is no cumulative voting. This is not a substantive change, but adds express statements.

New paragraph 2.A introduces a new first rule on voting by multiple owners or by an entity. One purpose and effect is to conform to the provision in the CC & Cs. Such owners will be required to submit to the Association the owners' designation of their voting member.

Paragraph 2.B retains the essence of former paragraph 2.A as a second method of determination for multiple owners, in the absence of the designation required by paragraph 2.A.

New paragraph 2.C disqualifies an entity where there is insufficient evidence of the person or persons entitled to cast the vote of the entity.

Proxies:

In paragraph 1.A is a new statement that a proxy is an optional method to vote. The addition is explanatory.

Paragraph 1.B now requires that a proxy be manually signed; the purpose is a higher level of authenticity. In addition, anyone acting as an authorized representative must present to the inspector of elections sufficient documentation of that authority. Again, the purpose is a higher level of authenticity.

Paragraph 2 explains the procedures for creation of a valid proxy, if desired by the member. The purpose is to reduce errors and confusion that may impact the counting of votes. Paragraph 2 requires a proxy-holder to be a member of the Association. The reason is to keep voting power with the members. Paragraph 2 also requires that proxies be in the form distributed by the Association. One purpose is to facilitate the use of proxies for members who prefer to use them. Another purpose is to relieve the inspector of elections from having to spend time to determine the validity of the form of the proxies while counting the votes as some members may watch.

The former provisions on a member's possible separate instructions to the proxy-holder have been deleted. The reasons are that some found it confusing and it was not a known practice of our members.

Paragraphs 6 and 7 offer instructions to a proxy holder on how to cast the vote for the authorizing member. The instructions are similar to those for the members voting directly. The purposes are to facilitate the use of proxies and for clarity.