

ELECTION RULES

MISSION VIEJO ENVIRONMENTAL ASSOCIATION

The election rules for the Mission Viejo Environmental Association are as follows:

BOARD OF DIRECTORS

Candidate Qualifications

The Association's property, business and affairs shall be governed and managed by a Board of Directors composed of five (5) persons. The term of office of each Director shall be two (2) years).

Subject to Civil Code § 5105, all candidates for the Board must meet the following qualifications:

- a. The candidate must be an Owner. If title to a separate interest is held by a legal entity, such entity may appoint a natural person to serve or vote on such entity's behalf by delivering evidence of an appropriate written appointment to the Association;
- b. The candidate must be current in the payment of all regular and special assessments. For the purposes of these election rules, "current" means no regular or special assessment is past due by more than thirty (30) days; and
- c. The candidate is not eligible to run if the Association is aware or becomes aware of a past criminal conviction that would, if the candidate were elected, either prevent the Association from purchasing the fidelity bond coverage required by Civil Code § 5806 or terminate the Association's existing fidelity bond coverage.

Director Qualifications

To remain qualified to serve on the Board of Directors, an Owner who has been elected to the Board of Directors must:

- a. Be an Owner at all times. Any Director who ceases to be an Owner is deemed to have resigned from the Board; and
- b. Be current in the payment of all regular and special assessments.

Any person serving as a Director may be re-elected subject to the following term conditions. Once a person has served two (2) elected terms as a Director over any period of time, that person shall become unqualified to serve as a Director for three (3) years subsequent to that person's last day as a Director. Thereafter, he or she will become qualified to serve as an elected or appointed

Director for an additional two (2) elected terms and will again be subject to the above term limitation. The foregoing limitation shall not apply to time served as an appointed Director

Nomination Procedures

Resident owners may become candidates by either informing the management company in writing of their intention to become a candidate or by being nominated from the floor at the annual meeting of the Delegates. Self-nominations are permitted.

Election of Directors

At each annual meeting of the Delegates, new Directors shall be elected by written ballot by a majority of Delegates. "Majority of Delegates" shall mean those Delegates holding at least fifty-one percent (51%) of the voting power of the membership in the Master Association. At any election of the Board, each Delegate may give one or more candidates for Director a number of votes equal to his share of the voting power.

DELEGATES

Delegate Voting

Each Delegate will be entitled to cast, with respect to each Lot, one (1) vote for each Lot located in the Tract represented by such Delegate. Each Delegate shall cast the votes which he represents in such manner as he may, in his sole discretion, deem appropriate, acting on behalf of all of the Members owning Lots in his Tract provided, however, in the event that the Members in any Tract shall determine at any duly constituted special meeting of the Members in such Tract to instruct their Delegate as to the manner in which he is to vote on any issue to be voted on by the Delegates, then the Delegate representing such Tract shall cast all of the voting power in such Tract in the same proportion, as nearly as possible without counting fractional votes, as the Members in such Tract shall have voted "for" and "against" such issue. Proxy voting by Delegates shall not be permitted.

When a Delegate is voting in his own discretion without instruction from the Members whom he represents, then such Delegate shall cast all of the votes which he represents as a unit and may not apportion some of such votes in favor of a given proposition and some of such votes in opposition to such proposition. It will be conclusively presumed for all purposes that any Delegate casting votes on behalf of the Members owning Lots in his Tract will have acted with the authority and consent of all such Members.

Selection of Delegates

Owners within a Tract shall elect one (1) Delegate (who shall also be a Resident Homeowner of the Tract) to the Master Association to exercise the voting power of all of the Members in such Tract in the manner provided herein. Notwithstanding the foregoing, Owners within Increment No. 5, as described in Exhibit "A" of the Fifth Restatement, shall elect two (2) Delegates (who shall be homeowners within Increment No. 5) to the Master Association to exercise the voting power of the Members in such Increment No. 5 as provided in the Fifth Restatement. For purposes of Delegate representation and voting, Increment No. 5 shall be split into two (2) districts, which are District

5A and District 5B as defined and described in Exhibit "D" of the Fifth Restatement. Owners of Lots within District 5A of Increment No. 5 shall elect one (1) Delegate (who shall also be a homeowner of District 5A Increment No. 5) to the Master Association to exercise the voting power of all of the Members in such District in the manner provided in the Fifth Restatement. Owners of Lots within District 5B of Increment No. 5 shall elect one (1) Delegate (who shall also be a homeowner of District 5B of Increment No. 5) to the Master Association to exercise the voting power of all of the Members in such District in the manner provided herein. For purposes of these election rules, Districts 5A and 5B of Increment No. 5 shall each be considered a "Tract." Only Members of the Master Association shall be eligible for election as Delegates. Upon termination of any Delegate's Membership in the Master Association, such Delegate's term of office shall immediately terminate and a new Delegate shall be elected in his place. A Delegate may be removed without cause by the vote, in person or by proxy, at any duly constituted special meeting of the Members in the Tract.

The manner of selecting a delegate within any Tract for which a Sub-Association has been created shall be as provided within the Supplemental Declaration for that Tract; or if no such manner is specified, then the Delegate shall be elected in the manner provided in the Supplemental Declaration for the election of a member of the Board of Directors of the Sub-Association.

In the event that there is not a Sub-Association for the operation of a Tract, the Delegate to represent that Tract will be elected annually by Members in the Tract as follows:

1. Each Member shall be entitled to one (1) vote for each Lot which he owns within the Tract.
2. The vote for each such Lot shall, if at all, be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Lot. The right to vote may not be severed or separated from the ownership of the Lot to which it is appurtenant, except that any Member may give a revocable proxy.
3. The Owner of each Lot in such Tract may, by giving written notice to the Master Association, designate a person to exercise the vote attributable to such Lot for the election of a Delegate for that Tract. Said designation shall be revocable at any time by any such Member by giving written notice to the Board or by attendance in person by such Member at the meeting for which such designation was given. Such powers of designation and revocation may be exercised by the guardian of any such Member's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of any such Member's estate, by his executor or administrator where the latter's interest in said property is subject to administration in his estate.
4. There shall be an annual Delegate election by the Members in any Tract for which a Sub-Association has not been created at least forty-five (45) days but no more than one hundred twenty (120) days prior to every annual meeting of the Delegates of the Master Association. Each Delegate or Delegate Candidate must be a Resident Owner within that Tract.

5. In the absence of a specific resolution of the Board for any given Delegate election, the record date for determining the right of a Member to receive notice and to vote shall be the date that ballots are distributed, and shall include all separate interests reflected in the Association membership list as of such record date. Each Member may verify and update their individual information contained in the Association's records anytime up to any deadline set for submitting the nominations for Delegates to ensure the accuracy of such information on both the voter list and the candidate list to ensure Members review their personal information before the ballots are mailed. The voter list shall include for each separate interest: (1) name; (2) voting power; (3) the separate interest address, parcel number or both; and (4) the mailing address, if different. The voting period shall start when ballots are distributed and shall close when the ballots are counted. The polls shall close for any Member vote as specified in the ballots materials or as specified by an Inspector(s) of Election.
6. Ballots shall be distributed by the Master Association to each Member reflected in the Association membership list on the date ballots are distributed. Replacement ballots will be provided to anyone who was a Member as of the date when ballots were distributed. The Association shall not deny a ballot to a person with general power of attorney for a Member. A ballot submitted by a person with general power of attorney for a Member, if valid and returned by the applicable deadline, shall be counted by the Association.
7. Members shall have the choice of (1) balloted candidates, (2) a write-in candidate, (3) designation of their vote for quorum purposes only, or (4) designation of their vote for the Board to cast as the Board may deem appropriate.
8. The Delegate Candidate receiving the highest vote total will be elected if at least ten percent (10%) of that Tract's Members cast votes.
9. If the ten percent (10%) quorum response requirement is not met by any Tract's Members, a second solicitation for Member votes shall be implemented for any such Tract at least fifteen (15) days prior to the Annual Delegate Meeting.
10. The Delegate Candidate receiving the highest vote total from the combined first and second vote solicitation will be the Delegate as long as the ten percent (10%) quorum response requirement is met.
11. The term of the Delegate shall commence on January 1 of each year. Such Delegate shall continue to be a delegate for one (1) year or until his successor is elected, whichever is later, unless such Delegate is removed by a vote or written consent at a special meeting of the members in such Tract.

CAMPAIGNING

If any candidate or Member advocating a point of view is provided access to Mission Viejo Environmental Association media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election, all candidates and Members advocating a point of view will be provided equal access to the same media, newsletters or Internet Web sites. Any views, comments

or opinions set forth in any communication from a candidate or Member are those solely of the candidate or Member, and Mission Viejo Environmental Association is not responsible or liable for such content. The candidate or Member, and not Mission Viejo Environmental Association, is solely responsible for the content of all materials and/or communications presented by the candidate or Member.

Access to the Common Area meeting space will be provided during a campaign, at no cost, to all candidates and to all Members advocating a point of view for purposes reasonably related to the election.

Mission Viejo Environmental Association funds will not be used for campaign purposes in connection with any Mission Viejo Environmental Association Board election. Funds of Mission Viejo Environmental Association shall not be used for campaign purposes in connection with any other Mission Viejo Environmental Association election except to the extent necessary to comply with duties of Mission Viejo Environmental Association imposed by law. For the purposes of this section "campaign purposes" include, but are not limited to, the following:

1. Expressly advocating the election or defeat of any candidate that is on Mission Viejo Environmental Association election ballot.
2. Including the photograph or prominently featuring the name of any candidate on a communication from Mission Viejo Environmental Association or the Board, excepting the ballot and ballot materials, within thirty (30) days of election, provided that this is not a campaign purpose if the communication is one for which the law requires that equal access be provided to another candidate or advocate.

INSPECTOR OF ELECTIONS

The Board of Directors may appoint one (1) or three (3) Inspector(s) of Election who will be appointed by the Board of Directors at a Board meeting held prior to the election and will serve as Inspectors until such time that their successors are appointed by the Board of Directors. If there are three (3) Inspectors of Election, the decision or act of a majority shall be effective in all respects as the decision or act of all. An Inspector(s) of Election must be an independent third party. Inspector(s) may be a Member of Mission Viejo Environmental Association, but may not be a Member of the Board, a candidate for the Board, or related to a Member of the Board or candidate for the Board. An Inspector may not be a person, business entity, or subdivision of a business who is currently employed or under contract to the Association for any compensable services other than serving as an Inspector(s) of Election.

Role of Inspector(s) of Elections

Inspector(s) will determine the number of Memberships entitled to vote and the voting power of each in accordance with Mission Viejo Environmental Association's governing documents. Inspector(s) will determine the authenticity, validity, and effect of proxies, if any. Inspector(s) will hear and determine all challenges and questions in any way arising out of or in connection with the

right to vote. Ballots will be returned to Mission Viejo Environmental Association's managing office, unless another location is designated by the Inspectors. Inspector(s) will determine when the polls shall close. Inspector(s) will determine and announce the tabulated results of the election.

The Inspector(s) may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector(s) deem appropriate, provided that the additional persons satisfy the eligibility requirements for service as an Inspector of Election.

In the absence of a more specific determination by the Inspector(s) of Election, the Association's management company shall prepare and retain the Association election materials (e.g., the candidate registration list, voter list, ballots, signed voter envelopes, and any proxies) for a period of three (3) years following any election.

Inspector(s) may also perform any acts as may be proper to conduct the election with fairness to all Members in accordance with the Inspector(s) of Election rules and all applicable rules of Mission Viejo Environmental Association regarding the conduct of the election that are not in conflict with the Inspector(s) of Election rules. Inspector(s) must perform all duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical.

Tabulation of Votes

Inspector(s) count and tabulate all votes. All votes shall be counted and tabulated by the Inspector(s) at a duly noticed meeting of the Board of Directors or Members. Any candidate or other Member of Mission Viejo Environmental Association may witness the counting and tabulation of the votes. Members who are not Inspectors or being overseen by an Inspector must remain at least five feet (5') away from the counting area. Members who are not Inspectors may not participate in the counting or tabulation process or any discussions that may arise among the Inspectors or their designated assistants.

Every Inspector(s) of Election must sign the ballot tally sheet for Mission Viejo Environmental Association's corporate records. After the final tabulation of the votes, custody of all election materials will be transferred to the custody of Mission Viejo Environmental Association. After tabulation, Mission Viejo Environmental Association shall store ballots in a secure place for no less than one (1) year after the date of the election.

Recording and Announcing Election Results

Inspector(s) must report the results of the election promptly to the Board of Directors and the results will be recorded in the next regular session Board meeting Minutes. In addition to recording the election results in the next regular session Board meeting Minutes, Mission Viejo Environmental Association shall keep Annual Meeting Minutes that reflect the results of the election. The Board of Directors will publicize the results of the election in a communication directed to all Members within fifteen (15) days of a successful (quorum achieved) election.