

# **PACIFIC HIGHLANDS RANCH NORTH MASTER ASSOCIATION**

## **QUALIFICATIONS TO SERVE ON BOARD OR OTHER ELECTED POSITION; CONTINUED** **SERVICE ON BOARD IF ELECTED; NOMINATION OF CANDIDATES**

7. (a) Election and service on the Board is subject to these rules and the Association Governing Documents (CC&Rs, Bylaws, rules, etc.) The same applies to any other elected position. (Hereafter, "election to the Board" or words of similar effect refers to any position subject to election by the Owners.) The affairs of the Association shall be managed by a Board of five (5) directors who must be Members of the Association (other than directors appointed by Declarant which must be representatives of Declarant elected to the Board). (Bylaws, section 4.3.) At the First Membership Election, the Declarant shall appoint three (3) of the five (5) directors using its Class C membership and the Class A Members (excluding Declarant) shall elect the remaining two (2) directors by secret ballot. (The Class B Member(s) shall not be entitled to vote for directors at the First Membership Election.) The candidates receiving the highest number of Class A votes shall be deemed elected. The directors appointed by Declarant shall serve for a term of three (3) years and the director(s) elected by the Class A Members shall serve for a term of two (2) years. After the expiration of the initial terms, all directors' terms shall be two (2) years. Successor directors shall be elected annually to replace those directors whose terms expire. Upon expiration of the initial three-year terms of the Declarant- designated directors, all directors shall be elected by the Members. All directors shall hold office until their respective successors are elected. Except as otherwise provided in the CC&Rs and the Bylaws, elections to the Board shall be in accordance with the provisions of the Corporations Code and Civil Code. (Bylaws, section 4.5.)

(b) The Association shall disqualify a person from nomination as a candidate for not being a Member of the Association at the time of the nomination. If title to a Residential Lot is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a Member for purposes of voting, nomination to, and service on the Board. No other persons may serve on the Board except as set forth herein. All candidates who are "in good standing" may run for the Board. This means that the relevant Residential Lot is not delinquent in the payment of any Regular Assessments, Special Assessments, and/or Capital Improvement Assessments. A finding of "not in good standing" can only be made following appropriate notice and a hearing held as provided in paragraph 5(e) above. The requirement of being current, that is, not delinquent, in the payment of regular and special Assessments also applies to the directors during their Board tenure.

8. A nominee shall not be disqualified for failure to be current in payment of Regular and Special assessments if either of the following circumstances is true:

(a) The person has paid the regular or special assessment under protest pursuant to Civil Code section 5658;

(b) The person has entered into a payment plan pursuant to Civil Code section 5665.

The Association shall not disqualify a person from nomination if the person has not been provided the opportunity to engage in internal dispute resolution pursuant to Civil Code section 5900 and related statutes. The Association may not disqualify a nominee for nonpayment of fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party.

9. A person may not be a candidate if the person, if elected, would be serving on the Board at the same time as another person who holds a joint Ownership interest in the same Residential Lot

as the person and the other person is either properly nominated for the current election or an incumbent director. If two or more such persons from the same Residential Lot are nominated, then none of them will be a candidate, and it falls to them to resolve among themselves whether only one person will remain nominated. If the issue is not resolved by the announced deadline for nominations, no Owners from that Residential Lot will appear on the printed ballot.

10. A person may not be a nominee if that person discloses, or if the Association is aware or becomes aware of, a past criminal conviction that would, if the person was elected, either prevent the Association from purchasing the fidelity bond coverage required by Civil Code section 5806 or terminate the Association's existing fidelity bond coverage.

11. The Association shall provide general notice of the procedure and deadline for submitting a nomination at least 30 days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to Civil Code section 4040 if individual notice is requested by a Member. All persons entitled to run for the Board, as set forth in paragraph 7 above, may complete a Candidate's Form, or similarly named form for nomination, and return the completed form to the designated person(s) on or before the deadline noted on the form or accompanying materials. Persons failing to submit a Candidate's Form by the deadline will not have their names placed on the ballot. However, nominations may be made from the floor at the annual/membership meeting (Bylaws, section 4.4), and such candidate's name may be written-in on the ballot. Unannounced **write-in candidates may receive votes but not cumulatively**. (See paragraph 25(d).) Every Owner may self-nominate and may nominate another Owner to the Board. When an Owner is nominated by another Owner, the proposed nominee must accept the nomination before the established deadline in order for his/her name to appear on the pre-printed ballot. Because the time between nomination of another and the deadline for acceptance of the nomination might be limited, the nominating Owner should contact the proposed nominee so that the latter may communicate acceptance of the nomination to the Association prior to the established deadline. Nominations may also be made using the nominating committee procedures set forth in Bylaws, section 4.4.

12. The Association will distribute the completed Candidate Forms in the same membership meeting packet as the ballots so long as the forms were submitted before the deadline, will not edit the content of these forms, and may publish a general statement of non-responsibility for their content. Any candidate can request in writing that his/her form not be published, and the Association will honor any such request if received prior to the date of publication of the forms.

**Internal Dispute Resolution ("IDR"):** - Should you not qualify to apply as a nominee for the Board of Directors you have the Opportunity for Internal Dispute Resolution ("IDR"): Any member disputing or challenging any aspect or application of these rules, including, without limitation, the member's qualifications to be nominated as a candidate for the Board, has the opportunity to engage in IDR with the Association pursuant the procedure provided at Civil Code Section 5915.