

From: "Castro, Eric" <Eric.Castro@lewisbrisbois.com> Date: Mon, Dec 14, 2015 at 4:52 PM - 0800 Subject: Palos Verdes Homes Association To: "jeff@broedlowlewis.com" <jeff@broedlowlewis.com> Cc: "sfcroftlaw@aol.com" <sfcroftlaw@aol.com>, "Dveirin, Brant" <Brant.Dveirin@lewisbrisbois.com>

Dear Mr. Lewis:

In response to your letter dated December 7, 2015 to Mark Paullin, President of Palos Verdes Homes Association (PVHA), pleased be advised as follows on behalf of PVHA:

1. As to your request for a membership list, one has previously been provided to you by email dated November 16, 2015; for your convenience another list is provided attached hereto (see CA Corp. Code Section 7524—all further Section references herein are to the CA Corp. Code).
2. As to your request for PVHA to mail out another official ballot including the names of your proposed nominees, your request to add nominees comes too late, as per PVHA's nominating procedures and California law. Section 7522(a): "... a date for the close of nominations for the board ... shall not be less than 50 days ... before the day directors are to be elected." Obviously, your request dated December 7, 2015 is less than 50 days before January 15, 2016, the date of the election. Moreover, PVHA has planned and budgeted for only one mailing for this annual meeting, and that mailing has already gone out. In addition, Section 7526 provides: "Without authorization of the board, no corporation funds may be expended to support a nominee for director after there are more people nominated for director than can be elected." In this case there are only five director seats available, and five nominees have already been named. Nevertheless, PVHA is willing offer you three alternatives for you to choose from to accommodate your request:
 - (a) PVHA will include your request for additional nominees to be added in a second mailing by PVHA to the membership if you pay the costs of such mailing in advance (Section 7524). The estimated cost is \$ 12,000.00 PVHA will exercise its discretion and fiduciary duty to ensure such information is presented in a fair and reasonable manner and not confusing or misleading to the membership.
 - (b) You may send a mailing yourself, at your sole cost, to the membership using the membership list provided you. In such mailing you may not use PVHA's logo, nor refer to PVHA as endorsing your nominees. The information sent to the membership by you should not be confusing or misleading in any way, should clearly indicate the mailing is from you and not from PVHA, and should make clear that these are your additional nominees, who are not endorsed by PVHA.
 - (c) At the membership meeting on January 15, 2016, you may make a motion to nominate additional candidates, and if any such additional nominee receives more votes at the meeting than any candidate set forth on the existing ballot, he or she will be elected instead.
3. As to your request to use the alternate form of ballot you provided, PVHA declines such request, and does not approve your use of such unauthorized form of ballot. It is misleading because it appears to come from PVHA itself and appears to be an official PVHA ballot. You may

nominate additional candidates; you may not make it appear the ballot has been prepared or authorized by PVHA.

4. As to your request that PVHA appoint an independent inspector of elections, PVHA accepts such request and will in fact appoint an independent inspector of elections.

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