

NORTH SHORE ENCINITAS OWNERS' ASSOCIATION OPERATING RULES FOR ELECTIONS AND VOTING

SECTION 1 - GENERAL

These operating rules ("Rules") shall apply to all items legally requiring a vote of the membership as required by Civil Code section 5100, and any amendments thereto, including but not limited to, elections of directors, votes to remove one (1) or more directors, votes on assessments that legally require a vote, amendments of the governing documents, grants of exclusive use of common areas, and such other votes as the Board determines should be conducted by secret ballot. All such votes, with the exception of votes on assessments that legally require a vote, may be conducted by secret written ballot ("Written Ballot", defined in Section 6.2 herein) or by electronic secret ballot ("Electronic Ballot," defined in Section 6.2 herein), as discussed in further detail below.

SECTION 2 - RIGHT TO VOTE

2.1 As described in these Rules, votes may be cast by members either in person, by proxy, by mail-in Written Ballot, or by Electronic Ballot as permitted herein. The Association may not deny a ballot to any person who is a member of the Association at the time the ballots are distributed.

2.2 The Association may not deny a ballot to any person who has the general power of attorney for a member of the Association. Any person with a general power of attorney for a member must notify the Association and provide a copy of a valid general power of attorney to verify the person's right to vote on behalf of the member. If a person with a valid general power of attorney which has been provided to the Association returns a ballot within the timelines established for the return of all ballots, the ballot shall be counted. (Civ. Code § 5105(g).)

2.3 The Association shall retain a voter list which shall include the name, voting power, and either the physical address of the voter's Lot, parcel number, or both ("Voter List"). The Voter List shall additionally identify which members will vote by Electronic Ballot and which members will vote by Written Ballot. The mailing address for the ballot(s) shall be listed on the Voter List if it differs from the physical address of the voter's Lot or if only the parcel number is used. The Association shall permit members to verify the accuracy of their individual information on the Voter List at least thirty (30) days before the ballots are distributed. The Association or member shall report any errors or omissions on the Voter List to the Inspector(s) of Election, who shall make the corrections within two (2) business days. (Civ. Code § 5105(a)(7).)

SECTION 3 - QUALIFICATION OF NOMINEES FOR DIRECTOR ELECTIONS

3.1 Only persons who are members of the Association may be a nominee for election. If title to a 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 being a nominee for election to the Board.

3.2 Prior to disqualifying any person from being a nominee, the Association must offer the person an opportunity to engage in internal dispute resolution pursuant to Civil Code section 5900 et seq.

SECTION 4 - NOMINATION OF DIRECTORS

4.1 The Association shall provide general notice of the procedure and deadline for submitting a nomination at least thirty (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.

4.2 The Association shall seek nominations for candidates for election by making available a "Candidate Nomination Form." All members desiring to run for a position on the Board of Directors or members who wish to nominate other members must complete the Candidate Nomination Form and return the completed Candidate Nomination Form and any accompanying materials to the Association within the time prescribed on the Candidate Nomination Form. If nominating another member, that nominee's written consent is required and must be returned with the Candidate Nomination Form.

4.3 The Association shall retain a candidate registration list, which will include the names and addresses of individuals nominated as a candidate for election to the board of directors, and shall permit members to verify the accuracy of their individual information on the candidate registration list at least thirty (30) days before the ballots are distributed. The Association or member shall report any errors or omissions on the candidate registration list to the Inspector(s) of Election, who shall make the corrections within two (2) business days. (Civ. Code § 5105(a)(7).)

4.4 The Candidate Nomination Form submitted by each candidate may be enclosed with the ballot for the election and mailed at least thirty (30) days prior to the meeting. Candidate Nomination Forms and accompanying materials that are received after the time prescribed on the Candidate Nomination Form may not be enclosed with the ballot for election. The Association will not edit the content of these Forms, but will publish a general statement of non-responsibility for the content of all published Forms. Any candidate can request in writing that his/her Form not be published as provided herein and the Association will honor any such request received prior to the date of publication of all Forms if publication occurs.

4.5 The Board may appoint at least one member of the Association to serve on a Nominating Committee. The Nominating Committee may, in its discretion, make as many nominations for election to the Board as necessary, but not less than the number of vacancies that are to be filled, and forward to the Board its nomination(s). Nothing in these Rules and Procedures is intended to disallow a member from nominating his or herself as set forth in Paragraph 4.2 above.

4.6 Nominations of candidates from the floor are not permitted. (Civ. Code 5105(i)(1)(F).)

SECTION 5 - USE OF COMMON AREA FACILITIES FOR CAMPAIGN PURPOSE

5.1 "Association Media" means the Association's newsletter, internet website, other written communication, and/or television channel(s) from the Association. Association Media does not include, within its definition, the official ballot materials sent to the Membership inclusive, for Board election, any biographical description and/or photographs of nominees that are running for the Board.

5.2 To the extent that the Association permits any other access to Association Media by a nominee (or a Member/resident advocating a point of view) for purposes that are reasonably related to an election, equal access shall be provided to all other nominees (or Members/Residents advocating a point of view) that are reasonably related to the election at issue. No nominee and/or Member shall be charged a fee for access to common area meeting space for purposes related to an election. The Association will not edit or redact any content from a nominee or Member/resident communication related to an election, provided, that the nominee or Member/resident offering a statement or commentary is responsible for the content and any published comment or comments made. The Association may include a disclaimer specifying that the nominee or Member/resident, and not the Association, is solely responsible for the content of the communication.

5.3 Association funds should not be used for campaign purposes in connection with any Association election or vote, except to the extent necessary to comply with the duties of Association imposed by law. Association can use its funds to have corporate counsel (or other Board-designated individuals) prepare and review appropriate ballots as well as the copying, printing and mailing costs necessary to provide the ballots to the Membership consistent with Association's governing documents and California law. The Association may add background information and explanation of ballot material. The Association may use funds to distribute, for election of Board, a biographical description and photograph of the nominees within said election materials. The Board shall not advocate the election or defeat of any nominee that is on an election ballot for the Board.

5.4 The Association shall permit all candidates for election to the Board and those Members advocating a point of view, access to common area meeting space during a campaign, if applicable, at no cost to the Member for purposes reasonably related to the election.

SECTION 6 - VOTING BY SECRET BALLOT

6.1 Pursuant to Civil Code section 5100, elections regarding the following topics must be conducted by double envelope secret Written Ballots or Electronic Ballots pursuant to Civil Code section 5115: election and removal of directors, amendments to the governing documents, the grant of exclusive use of common area, or any other topic expressly identified in the Association's operating rules. The Board has the right to determine whether other topics requiring a membership vote will be conducted using

double envelope secret Written Ballots or Electronic Ballots. Notwithstanding the foregoing, votes on assessments that legally require a vote must be conducted by double envelope secret Written Ballot only.

6.2 Members shall have the option of casting ballots either through the double envelope secret ballot method (“Written Ballot”) or by electronic secret ballot conducted by an electronic voting system that ensures the secrecy and integrity of a ballot pursuant to the requirements of the Davis-Stirling Act (“Electronic Ballot”). Electronic Ballots and Written Ballots shall contain the same list of items being voted on. Members must notify the Association in writing at least ninety (90) days before an election of the member’s preferred method of voting. If a member’s preferred method of voting is by Electronic Ballot, the member shall provide the Association with a valid email address. Unless a member has instructed otherwise, if the Association’s membership list includes a member’s email address, that member’s preferred method of voting shall be deemed to be Electronic Ballot. The Association shall mail Written Ballots only to (1) members who have opted to vote by Written Ballot or (2) for whom the Association does not have an email address. The Association shall mail Written Ballots to all such members. The Association shall send Electronic Ballots to all other members. The Association shall include in its Annual Policy Statement information on the procedure to opt out of voting by Electronic Ballot.

6.3 Notwithstanding the secret balloting requirement in Section 5100, or any contrary provision in the governing documents, in an election of directors, when the number of qualified candidates is not more than the number of vacancies to be elected, as of the deadline for submitting nominations, as determined by the Inspector(s) of Elections, the Association may consider the qualified candidates elected by acclamation if all of the conditions of Civil Code section 5103 have been met.

6.4 For elections of directors and for recall elections, the Association shall provide general notice of all of the following at least thirty (30) days before the ballots are distributed:

6.4.1 The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the Inspector or Inspectors of Elections.

6.4.2 The date and time by which Electronic Ballots are to be transmitted to the internet-based voting system and preliminary instructions on how to vote by Electronic Ballot upon commencement of the voting period.

6.4.3 The date, time, and location of the meeting at which ballots will be counted.

6.4.4 The list of all candidates’ names that will appear on the ballot.

6.4.5 Individual notice of (1) through (3) above shall be delivered pursuant to Civil Code section 4040 if individual notice is requested by a member. (Civ. Code § 5115(b).)

6.5 For elections of directors and for recall elections, votes on amendments to the governing documents, and votes on the grant of exclusive use of common area pursuant to Civil Code section 4600, the Association shall, at least thirty (30) days before the deadline to opt out of voting by electronic secret ballot, provide individual notice of all of the following to each member:

6.5.1 The member's current voting method.

6.5.2 If the member's voting method is by Electronic Ballot, the email address of the member that will be used for voting by Electronic Ballot.

6.5.3 An explanation that the member is required to opt out of voting by Electronic Ballot if the member elects to vote by Written Ballot.

6.5.4 An explanation of how a member may opt out of voting by Electronic Ballot.

6.5.5 The deadline by which the member is required to opt out of voting by Electronic Ballot if the member elects to exercise that right.

6.6 Ballots may be submitted at any time from the members' receipt of the ballot until the announced deadline or any extension thereof as set by the Inspector(s) of Elections. Written Ballots returned by mail are to be returned to the address specified by the Inspector(s) of Elections and so noted in the balloting materials.

6.6.1 The Inspector(s) of Elections shall have the right to verify the member's information and signature on the outer envelope of Written Ballots, and to review the number of ballots collected prior to the deadline for voting and inform the Board of Directors of the number of ballots received. The Inspector(s) of Elections shall have the right to extend the voting deadline if there is an insufficient or possibly an insufficient number of ballots received. Neither Written Ballot voting envelopes nor Electronic Ballots shall be opened as part of this review - only a review of unopened ballots is allowed to verify the member's information and determine the total number of ballots returned.

6.6.2 Once cast, Written Ballots cannot be revoked or changed, even if the member attends the meeting and seeks to change or withdraw his or her vote before the polls close. Once they are electronically transmitted to an address, location, or system designated by the Inspector(s) of Elections, Electronic Ballots are effective and cannot be revoked or changed, even if the member attends the meeting and seeks to change or withdraw the member's vote before the polls close.

6.6.3 The Board of Directors shall set a record date establishing those members entitled to vote on any ballot. Should the Board fail to set a specific record date, the record date shall be the date the Written Ballot was posted in the United States mail or the date that individual notice is delivered to the members with voting instructions if using Electronic Ballots unless specified otherwise in the Association's governing documents.

6.6.4 In accordance with the governing documents of the Association, members shall be entitled to one (1) vote per Lot. Cumulative voting is not permitted.

6.7 The Association shall deliver individual notice (with the option of providing such notice by electronic submission to an address, location, or system designated by the member) of Electronic Ballots to each applicable member at least thirty (30) days before an election in which Electronic Ballots will be used. That notice shall contain instructions on how to obtain access to the internet-based voting system and how to vote by Electronic Ballot. Any Written Ballots and two (2) pre-addressed envelopes with instructions on how to return ballots shall also be mailed by first-class mail or delivered, or caused to be mailed or delivered by the Inspector(s) of Elections to every applicable member at least thirty (30) days prior to the deadline for voting. For the election of directors, ballots and voting envelopes will also be distributed to applicable members at the annual membership meeting. The Association shall generally use as a model those procedures used by California counties for ensuring confidentiality of voter absentee ballots, including the following:

6.7.1 Written Ballots themselves will not be signed by the voter, but will be inserted into an envelope that is to be sealed by the voter. This envelope is to be inserted into a second (outer) envelope that is sealed by the voter. In the upper left-hand corner of the second envelope, the voter must print and sign his or her name, address (either address within the community or mailing address), and lot or parcel number that entitles him or her to vote. The lack of a signature on the second envelope will not invalidate that ballot if the Inspector(s) of Elections is able to determine the identity of the member who submitted the ballot.

6.7.2 The second (outer) envelope is to be addressed to the Inspector(s) of Elections, who will be tallying the votes. The envelopes are to be mailed or delivered by hand to the address specified by the Inspector(s) of Elections.

6.7.3 Balloting materials not completed in accordance with the instructions on or accompanying the balloting materials may result in the ballot being declared invalid, as determined by the Inspector(s) of Elections. The Inspector(s) of Elections shall have the right to count ballots submitted by members failing to complete all of the above requirements so long as all ballots with similar defects are treated equally and so long as the Inspector(s) are able to verify that only one (1) ballot per voting member has been submitted.

6.7.4 Only the official ballots distributed by the Association will be counted. Unofficial ballots will not be counted.

6.7.5 If a candidate whose name is on the ballot withdraws before the ballots are counted, the election will continue to go forward. However, the votes cast for a withdrawn candidate will not be counted.

6.8 Ballots shall be counted at a membership meeting or open Board meeting. If the Inspector of Election opens the ballots at an offsite location, the Association will

ensure that Owners are able to witness the Inspector opening and tabulating the ballots, though that may be done through virtual means (e.g. Zoom, Microsoft Teams, etc.). Subject to reasonable restrictions established by the Inspector(s) of Elections to prevent interference with or intimidation of the Inspector(s) during the tabulation of the ballots, any candidate or other member of the Association may witness the counting and tabulation of the votes. No person observing the tabulation of the ballots may communicate with, interfere with, or in any way attempt to intimidate, harass or abuse the Inspector(s) or other person counting the ballots or assisting the Inspector(s).

6.9 Except as provided above, no person, including a member of the Association or an employee of the management company, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.

6.10 The candidate(s) receiving the highest number of votes shall be elected. In the event of a tie vote between candidates for the last position on the Board, the candidates subject to the tie vote shall agree to some other means of determining the winner of the vote, such as a coin toss or high card draw.

6.11 The results of the election shall be promptly reported to the Board of Directors of the Association and shall be recorded in the minutes of the meeting and shall be available for review by members of the Association. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a communication directed to all members or by posting it in the Common Area.

6.12 The Association election materials (returned ballots, signed voter envelopes, Voter List, proxies, the candidate registration list, and the tally sheet of votes cast by electronic secret ballot) will be retained by the Inspector(s) of Elections or the Inspector's/Inspectors' designee for one (1) year following the date the Inspector notifies the Board and the membership of the vote result, unless the Inspector is notified of some challenge to the election after the notification of the election result. In this case, the Inspector or its designee shall retain these documents for one (1) year from that later date. Thereafter, the Inspector(s) of Elections shall turn over those election materials to the Association or its designated agent. At the conclusion of this one (1) year period, those election materials may, at the option of the Board of Directors, be destroyed.

6.13 The mailed Written Ballots described in these Rules, once received by the Inspector(s) of Elections, will count toward quorum at any meeting of members. A member voting by Electronic Ballot shall also be counted as a member in attendance at the meeting. Once quorum is established, a substantive vote of the members shall not be taken on any issue other than the issues specifically identified in the Electronic Ballot.

SECTION 7 - PROXIES

7.1 Voting by proxy will be permitted in accordance with the provisions of the Bylaws, although the Board of Directors need not prepare and distribute proxy forms with the election or voting materials. The Association will continue to honor proxies submitted in accordance with the Bylaws. Proxies submitted to and accepted by the Association

must conform to the requirements of the law. Proxy holders will be given a secret ballot to complete. If the member on whose behalf the proxy holder seeks to vote has opted to vote by Written Ballot, the proxy holder will be given a Written Ballot to complete. If that member is deemed to have opted to vote by Electronic Ballot, the proxy holder must give the Inspector(s) of Elections a valid email address for the purpose of casting an Electronic Ballot on that member's behalf. Proxies will not be counted as secret ballots.

SECTION 8 - INSPECTORS OF ELECTIONS

8.1 The Board of Directors will appoint one (1) or three (3) Inspectors of Elections to oversee and certify the results of the voting. Inspector(s) of Elections are to faithfully perform their responsibilities so as to ensure that the announced results of the voting and/or election represent the true and honest votes of the members casting ballots.

8.2 Inspector(s) of Elections may not be Board members or a candidate for election or related to or reside with Board members or the candidates for election.

8.3 The Inspector(s) of Elections may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Association for compensable services other than serving as an Inspector of Elections.

8.4 Unless only outside consultants are engaged to serve as the Inspectors, at least one (1) Inspector of Elections shall be a member of the Association, although all Inspectors of Elections may be members of the Association if so appointed by the Board of Directors. If not members of the Association, Inspectors of Elections may be compensated for their services. Members of the Association shall not be compensated for serving as Inspectors of Elections.

8.5 The Inspector(s) of Elections shall do all of the following:

8.5.1 Determine the number of memberships entitled to vote and the voting power of each;

8.5.2 Determine the authenticity, validity and effect of proxies;

8.5.3 Receive the ballots and determine the location to which all ballots are to be returned;

8.5.4 Ensure compliance with all of the following, if the Inspector(s) Elections conducts an election by Electronic Ballot:

- (a) Each member voting by Electronic Ballot shall be provided with (1) a method to authenticate the member's identity to the internet-based voting system, (2) a method to transmit an Electronic Ballot to the internet-based voting system that ensures the secrecy and integrity of each ballot, and (3) a method to confirm, at least 30 days before

the voting deadline, that the member's electronic device can successfully communicate with the internet-based voting system.

- (b) Any internet-based voting system that is utilized shall have the ability to (1) authenticate the member's identity, (2) authenticate the validity of each Electronic Ballot to ensure that the Electronic Ballot is not altered in transit, (3) transmit a receipt from the internet-based voting system to each member who casts an Electronic Ballot, (4) permanently separate any authenticating or identifying information from the Electronic Ballot, rendering it impossible to connect an Electronic Ballot to a specific member, and (5) store and keep Electronic Ballots accessible to elections officials or their authorized representatives for recount, inspection, and review purposes.

8.5.5 Hear and determine all challenges and questions to the balloting or election;

8.5.6 Count and tabulate all ballots;

8.5.7 Determine when the polls shall close;

8.5.8 Determine the results of the election or balloting;

8.5.9 Perform such other acts as may be necessary to conduct the election or balloting in fairness to all members and in accordance with applicable law and all rules of the Association.

8.6 The Inspector(s) of Elections may appoint additional persons to assist in performing any of the above duties. Any such persons shall meet the qualifications for appointment as an Inspector of Elections.

8.7 The Inspector(s) of Elections shall deliver, or cause to be delivered, a copy of these Rules at least thirty (30) days before an election. Delivery of these Rules may be accomplished by either of the following methods: (1) posting them to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least 12-point font, "The rules governing this election may be found here:" or (2) individual delivery.

8.8 The Inspector(s) of Elections shall Report the tabulated results of the election or balloting promptly to the Board of Directors; and

8.9 The Board of Directors shall have the authority to remove and/or replace an Inspector of Elections at any time if an Inspector resigns or whenever the Board determines that an Inspector will not be able to perform his or her duties impartially in good faith, to the best of the Inspector's ability, as expeditiously as is practical, and in a manner that protects the interests of all members of the Association, or if the Inspector ceases to meet the qualifications to serve as described above.

8.10 Inspector(s) of Elections shall have the authority to consult with the Association's legal counsel in the event of uncertainties in the interpretation or application of Civil Code section 5100 et seq., these Rules, the Association's governing documents or as might otherwise be necessary to ensure a fair election that complies with the law and the governing documents. All such consultations shall be protected by the Association's attorney-client privilege and shall be kept confidential from all persons other than the Board of Directors. Note, however, that neither the Inspector(s) of Elections nor the Association's legal counsel shall disclose to others, including the Board, how a particular ballot was cast.

SECTION 9 - RECALL ELECTIONS

9.1 To initiate the recall of one (1) or more directors or the entire Board, the Board must receive a petition signed by at least five percent (5%) of the Association's Members calling for a special meeting for the recall election. The recall petition signed by at least five percent (5%) of the Association's Members must also include the members' printed names and the addresses of their Lots for verification purposes. Pursuant to Corporations Code section 7510(e), a vote for a recall may also be initiated by the Board.

9.2 Upon receipt of a valid recall petition, the Board will promptly appoint an Inspector(s) of Elections.

9.3 Within twenty (20) days of the Board's receipt of a valid recall petition, the Board will notice the Members of and will set the time, date, and location of the special meeting to hold the recall election.

9.4 The special meeting must be held between thirty-five (35) and one-hundred and fifty (150) days of the Board's receipt of the petition.

9.5 Any recall election as well as any election for the replacement directors must be conducted by secret ballot according to Paragraph 6.1. When the entire Board is subject to a recall election, the election for replacement directors will be held at the same time as the recall vote in an effort to avoid recalled directors remaining on the board until replacement directors are elected. As such, the members will vote on two issues: (i) the recall of directors, and (ii) the replacement of directors. The Inspector(s) of Elections will tabulate the votes on the replacement of directors immediately following the recall vote, if the recall is successful.

9.6 In order to curb a potential superfluous use of Association funds, a recall election may not be initiated against a Board member(s) if the targeted Board

member(s)'s term expires within one-hundred (100) days from the date the Board received the recall petition unless the recall petition is petitioning to recall the entire Board.

9.7 The Association may facilitate the production of and pay for the cost of all recall election materials and the mailing of the same. If, however, a valid recall petition is received by the Board within twelve (12) months from the date of a prior recall election, whether the prior recall election was successful or not, the Association may facilitate the production of all recall election materials and the mailing of same, but the cost of the recall election will be borne by the petitioning party.

SECTION 10 - ELECTION CHALLENGES AND BALLOT RECOUNTS

10.1 The Inspector(s) of Elections shall, upon written request, make the Association election materials (returned ballots, signed voter envelopes, Voter List, proxies and the candidate registration list) available for inspection and review by an Association member or the member's authorized representative should a member challenge the election or demand a ballot recount. Signed voter envelopes may be inspected but may not be copied pursuant to Civil Code section 5200(c).

10.2 Any recount will be conducted in a manner that preserves the confidentiality of the vote. To preserve the confidentiality of the vote, members will not be entitled to inspect the Inspector(s) of Elections' tabulation documents or notes submitted to the Association.

10.3 Should a professional Inspector(s) of Elections act as the Association's Inspector(s) of Elections, the member or members challenging the election or demanding a recount of the ballot will bear the costs charged by the professional Inspector(s) of Election as a result of the election challenge and/or ballot recount. A professional Inspector of Elections is defined as an Inspector of Elections who may be compensated for their services pursuant to Paragraph 8.4.

SECTION 11 - MISCELLANEOUS

11.1 Other than the time frames set forth in Civil Code section 5100 et seq., the time frames stated in these Rules are guidelines, generally setting forth fair and reasonable procedures for the conduct of voting and elections. However, the failure of the Board or Inspector(s) to strictly adhere to these time frames will not invalidate any election or vote so long as the procedures used allow all members an equal opportunity to participate in the election or voting process and did not affect the results of the election.

At the discretion of the Board of Directors, the above Rules may be modified, delayed or repealed by the Board, in whole or in part, if the California State Legislature takes any action to change the content of Civil Code section 5100 et seq., which would affect said Rules.