

EXHIBIT A

Proposed Resolution No.1, adopting a rule interpreting the phrase "rental from time to time" in Section 5.4(b) of the Covenants:

WHEREAS, Section 5.1 provides that all lots (Except Lot 1) shall be used primarily for construction of a Dwelling for Single Family residential purposes, and the term "Single Family" is a defined term in the Covenants and appears at Section 1.17 as follows:

Single Family. One or more persons living together as a single, non-profit, housekeeping unit, as distinguished from a group occupying a hotel, motel, club, fraternity or sorority, commune, and the like.

WHEREAS, with certain minor exceptions, Section 5.4 of the Covenants prohibits all commercial uses of any lot; and

WHEREAS, Section 5.4(b) of the Covenants (Home Businesses) provides that Section 5.4 shall not prohibit an owner from renting or leasing all or any part of any Dwelling for residential uses from time to time, subject to all the provisions of the Declaration; and

WHEREAS, it has come to the attention of the Board that the phrase in Section 5.4(b) "from time to time" has been interpreted by two members of the Association (owning one lot) to include the offering and advertising of the home they had built at Canyon Ferry Crossing as a commercial rental, including advertising of the same on the Internet, with such advertising describing occupancies, descriptions, and frequencies that, in the opinion of the Board and other members informally polled by the Board, are incompatible with the infrequent and non-commercial nature of the rental language in section 5.4 of the Covenants and with other provision of the Covenants; and

WHEREAS the Board's informal attempts to dissuade the members in question from such commercial renting and advertising of the members' home have not succeeded; and

WHEREAS the members in question have advised the Board that such members have purchased another lot within Canyon Ferry Crossing and intend to build another home on the lot and to offer the second home also as a commercial rental, and also to advertise such second home as a rental property in a manner similar to the first home that the members built at Canyon Ferry; and

WHEREAS the Canyon Ferry Crossing development is intended as and is used as, a year-round residential community, and is not a seasonal or recreational development; and

WHEREAS the Canyon Ferry Crossing development is intended as and is used as a year-round residential community, and is not a seasonal or recreational development; and

WHEREAS the Covenants are clear that the lots and homes within the Canyon Ferry Crossing development are not intended for commercial use; and

WHEREAS, the Board has a duty and responsibility to reasonably interpret and apply all of the Covenants, and, under Section 11.7 of the Covenants, to resolve any ambiguities that may arise regarding the interpretation of the provisions of the Covenants, such as the phrase "renting from time to time;" and

WHEREAS the Board has a duty to faithfully enforce the Covenants, including the "single family residential" character of Canyon Ferry Crossing as provided in Sections 5.1 and 1.17 of the Covenants;

THEREFORE, the Board proposes to adopt the following rule:

Rule No. 1. **RENTING AND LEASING OF DWELLINGS.** In determining compliance with Section 5.4(b) of the Covenants, the Board shall include consideration of the following criteria:

- (a) A Dwelling as defined in Section 1.5 of the Covenants may not be rented or leased as part of a commercial enterprise or to generate profit or income for a business.
- (b) Rentals or leases of a Dwelling shall not be of a frequency or nature to impair the primary use and character of a Dwelling as a single family residence.
- (c) One or more of the following activities conducted by an Owner or the Owner's agent or representative (such as a realtor) shall give rise to a non-rebuttable presumption that the renting of a Dwelling is being conducted as either a commercial activity under 1(a) or as a non-single family activity under 1(b), and thus in violation of the Covenants:
 - (1) electronic or other advertising or marketing of the property for rent or lease to the public, or any targeted group of the public;
 - (2) posting of a sign on a lot that advertises a Dwelling or guest house for lease or rent;
 - (3) the leasing or renting of a Dwelling to more than two different persons, families, or groups of persons during any twelve month period;
 - (4) collection of any state or local accommodations tax, or any other state or federal excise tax on rental or lease income from the Dwelling;
 - (5) licensing of the Dwelling under any state or local accommodations statute or regulation as hotel, motel, campground, resort, dormitory, condominium, inn, dude ranch, guest ranch, hostel, public lodging house, bed and breakfast, or similar facility;

- (6) providing to renters or lessees ancillary services such as cleaning, housekeeping, or food services;
- (7) filing of an income tax return for an entity other than the Owner personally, where the income of such entity is derived in whole or part from the rental of an Owner's Dwelling.

- (e) If the Board receives a reasonable complaint or inquiry from an Owner concerning the rental or leasing activities of another Owner or Owners, the Board shall investigate the complaint and shall report back to the inquiring Owner within a reasonable time, not to exceed four (4) months.
- (f) Upon written request of the Board or its agent or representative, an Owner shall provide the Board with information, including written documents that may exist, regarding the rental or leasing activities of an Owner of the Owner's dwelling. If no such request is sent by the Board by September 30 following the end of the prior calendar year, then the Board will be deemed to have waived such right to request information and documentation for the prior calendar year.

The effective date of this rule is 20 December 2006

Upon motion, the foregoing rule was unanimous by a vote of 4.

Certified by Robert A. Clark Secretary

Date: 12-20-2006