

PRESIDENT'S COMMENTS – FRED SCHROEDER
CYPRESS LANDING OPEN FORUM MEETING
TUESDAY, NOVEMBER 16, 2004, 7 P.M.

The Board has unanimously agreed to issue a statement tonight clarifying "**commercial purposes**". As you know, both the previous and current Board has spent many hours working on this issue. We have had an open discussion at the last open forum meeting with more than 50 residents attending, and we have sent two or more e-mails about this issue. The Board has read all of the e-mails it has received very carefully. We have also received three complaints about real estate being sold out of our community.

Although there is no standard definition for "**commercial purposes**", the distinction that the Board has considered seemed to be a logical one. Under the broadest of interpretations, almost any work-related task performed at home could be considered to be "**for (a) commercial purpose**". However, as a practical matter, the covenants probably did not intend to prohibit every activity performed for compensation that takes place wholly within the living unit, which cannot be detected from the exterior of the home and which, effectively, cannot be monitored. Additionally, at the time the covenants were written, it was likely not contemplated that technology would allow people to easily work from home. Accordingly, the distinction of interpreting the prohibition to restrict on-site visits allows some flexibility but also abides by the spirit of the covenants to have the community, except for the amenities, to be residential in nature.

Our originally proposed **clarification** which stated, "**A business enterprise of any kind is a commercial utilization of a living unit if it is a business that involves visitations by prospects, customers, or clients to that living location**", addresses one aspect of commercial utilization. Our attorneys, Poyner & Spruill, have brought to our attention that there may be others, such as use of the living unit for storage of materials held for sale, which would be moved in and out of the living unit, extraordinary deliveries to the living unit, or visible storage of equipment or other items used in or for a business.

Consequently, the Board wishes to bring to a close any additional discussion on this issue and **clarifies** its position as to what "**commercial purposes**" means by the following statement:

“Without excluding other uses which may be a commercial utilization of a living unit, a business enterprise of any kind is a commercial utilization of a living unit if it is a business that involves (i) visitation by prospects, customers, or clients to that living unit location, (ii) any substantial storage in or outside the living unit of goods held for sale, lease or other disposition of materials delivered to the premises for use in a business, or (iii) an extraordinary level of deliveries to the living unit in excess of deliveries made in the Community generally.”