

CANYON LAKE

PROPERTY OWNERS ASSOCIATION

Canyon Lake Property Owners Association

EXHIBIT "E"

PROPOSED AMENDMENT TO THE BYLAWS

5% Debt Limitation

The Canyon Lake Property Owners Association amends the provision contained in the Association's Bylaws as follows:

Bylaws - Article IX. Miscellaneous, Section 6. Limitation of Powers.

Section 6. Limitation of Powers. No contract shall be entered into with the Developer of the Subdivision, which binds the Association and its Board of Directors for a period in excess of one (1) year without reasonable cancellation provisions included therein. This provision shall not apply to the assumption of the long term leases of the lake, ~~and other recreation facilities placed in trust for the Association by the Developer.~~

The Association shall not incur debt in excess of an aggregate of ~~fifteen~~ five percent (15%) of the budgeted gross expenses of the Association for that fiscal year for the purchase of real or personal property, the issuance of bonds or debentures, or the mortgage of any of its property without the prior vote or written consent of a majority of votes represented, in person and voting at a duly held meeting at which a quorum is present or by written ballots solicited in conformity with the Corporations Code.