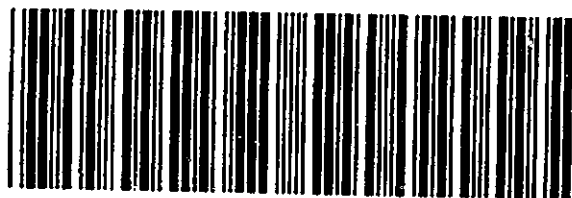


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Mesa, Arizona 85201



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**FIRST AMENDMENT TO  
DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
MONTEREY POINT II**

Key Construction, Inc., an Arizona corporation doing business as Trend Homes (the "Declarant") published a Declaration of Covenants, Conditions and Restrictions on July 29, 1993 at recording number 93-0499890 of the records of the Maricopa County Recorder (the "Declaration"). Pursuant to the Declaration, Monterey Point II Homeowners' Association, Inc., an Arizona non-profit corporation was incorporated September 15, 1993 to serve as the "Association" under the terms of the Declaration. All of the members of the board of directors of the Association, acting pursuant to Section 16.2 of the Declaration, hereby amend the Declaration as follows:

1. Section 4.3 is hereby amended to read as follows:

**"Section 4.3. Regular Assessments.** In advance of each fiscal year of the Association, the Board of Directors shall estimate the costs and expenses to be incurred by the Association for such fiscal year and the other proper cash requirements of the Association for such year, including but not limited to:

a. The costs of maintenance, improvements, repairs and replacements to be effected by the Association as contemplated by Article III hereof, and generally the costs and expenses specified or contemplated hereby as Common Expenses to be borne and paid by the Association rather than by individual Owners;

b. Such sums as shall be fair and prudent for the establishment and maintenance of an adequate reserve fund for costs and expenses of the Association (including, but not limited to, maintenance, repair and replacement of the Common Elements); and

c. Such additional sums as shall be necessary or appropriate to meet and accomplish the proper purposes of the Association.

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS IS BEING RE-RECORDED FOR THE SOLE PURPOSE OF CORRECTION THE NAME OF THE SUBDIVISION

The aggregate estimated amount of such cash requirements for the ensuing fiscal year of the Association shall then be allocated by the Board of Directors among the Owners other than the Declarant, subject to Section 4.7 below, so that each Owner's share of such aggregate amount with respect to each Lot owned shall be as set forth on Exhibit B as from time to time amended; which share(s) shall be assessed against such Owner, other than Declarant, as his regular assessment.

The regular assessments shall commence as to all Lots on the first of the month next following the conveyance of the first Lot by Declarant to an unaffiliated Owner.

Notwithstanding any other provisions of this Section, the maximum regular assessment shall be Three Hundred Dollars per year (or the applicable pro rata portion for shorter periods) per Lot until the January 1 immediately following the conveyance of the first Lot by Declarant to an unaffiliated Owner. Thereafter the maximum regular assessment may be increased as follows:

i. The Board may in any year increase the then applicable maximum regular assessments (as previously adjusted) for the next year and all subsequent years by the same percentage that the U.S. Department of Labor Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items (1982=100) (or such other index as the Board in its discretion may select) has increased between the November immediately preceding the last increase in the maximum regular assessment authorized by the Board and the November immediately preceding the first assessment year for which the change is to be effective, or by ten percent (10%), whichever is greater.

ii. The maximum regular assessment may be increased at any time for any year (and any subsequent years if so authorized) by the affirmative vote of 67% of each class of Members who are voting in person or by proxy, at a meeting duly called for such purpose.

The Board may fix the regular annual assessment at any amount not in excess of the applicable maximum for each year.

For purposes of making such estimates and allocations, the Board may elect to utilize the services of accountants and/or other advisors, but shall not be required to do so. Estimates made in good faith by the Board shall be conclusive and binding upon all Owners and others concerned. The Board may at any time revise its estimates and thereby increase or decrease the regular assessments payable by Owners, if it determines that its initial estimates are inaccurate. The Board or their designated representative shall from time to time give each Owner reasonable notice, at his last recorded address on the books of the Association, as to the amount of the regular assessment made against him computed as above, any

revisions thereof, the time or times at which such assessment is payable (which shall be at least thirty (30) days after transmission of such notice and may in the Board's discretion be payable in a lump sum or in equal or unequal installments due as frequently as monthly) and the address to which remittances shall be made."

2. Section 4.7 is hereby added to read as follows:

"Section 4.7. Working Capital Fund. To insure that the Association shall have adequate funds to meet its expenses or to purchase necessary equipment or services, each person who purchases a Lot from the Declarant shall pay to the Association immediately upon becoming the Owner of the Lot a sum equal to one-sixth (1/6th) of the current Annual Assessment for the Lot. Funds paid to the Association pursuant to this Section may be used by the Association for payment of operating expenses or any other purpose permitted under this Declaration. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any assessments levied by the Association pursuant to this Declaration."

3. Section 4.8 is hereby added to read as follows:

"Section 4.8 Declarant Assessment. Notwithstanding any provision in this Declaration to the contrary, so long as there is a Class B Membership, Lots owned by the Declarant shall not be subject to assessment, but Declarant shall be required to pay to the Association the difference between the cost of operating and administering the Association and the income from assessments. When the Class B Membership ceases in accordance with Article V, Section 5.3 hereof, Declarant shall no longer be required to subsidize the cost of operating and administering the Association but all Lots owned by Declarant shall be subject to assessment in the same way as any other Lot."

4. Section 5.3 is hereby amended to read as follows:

"Section 5.3. Classes of Voting Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners other than Declarant. A Class A member shall be entitled to one (1) vote for each Lot owned by said Member.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot owned by it; provided, however, that the Class B membership shall convert to Class A membership no later than the earlier of:

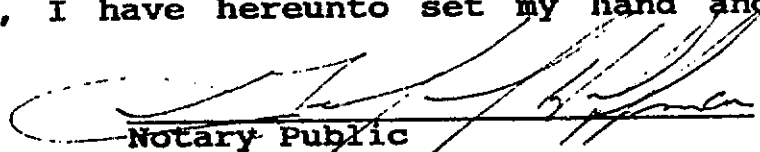
a. The date seventy-Five percent (75%) of the Lots have been conveyed to Owners other than a Declarant; or



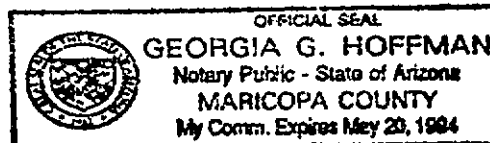
STATE OF ARIZONA )  
County of Maricopa ) ss.

On this, the 27 day of January, 1994, before me, the undersigned Notary Public, personally appeared Reed A. Porter, a member of the board of directors of MONTEREY POINT II, HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

  
Notary Public

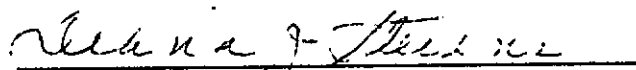
My Commission Expires:



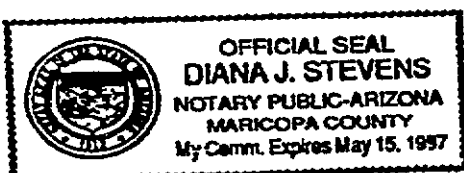
STATE OF ARIZONA )  
County of Maricopa ) ss.

On this, the 27 day of January, 1994, before me, the undersigned Notary Public, personally appeared Mark J. Funk, a member of the board of directors of MONTEREY POINT II, HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

  
Notary Public

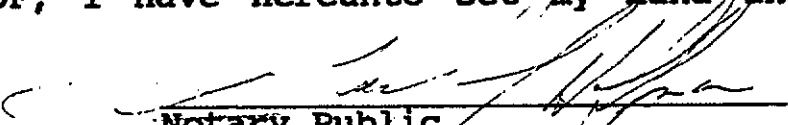
My Commission Expires:



STATE OF ARIZONA            )  
                                  )    ss.  
County of Maricopa        )

On this, the 27 day of January, 1994, before me, the undersigned Notary Public, personally appeared Shawn G. Porter, a member of the board of directors of MONTEREY POINT II, HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

