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FEE: \$14.00
PAGES: 4
FEE NUMBER: 2006-078791

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1 of 1

CAPTION HEADING:

**FIRST AMENDMENT TO
AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS,
RESTRICTIONS, ASSESSMENTS, CHARGES
SERVITUDES, LIENS, RESERVATIONS
AND EASEMENTS FOR
JOHNSON RANCH**

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**FIRST AMENDMENT
TO
AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, ASSESSMENTS, CHARGES, SERVITUDES, LIENS,
RESERVATIONS AND EASEMENTS
FOR
JOHNSON RANCH**

This FIRST AMENDMENT TO THE AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, ASSESSMENTS, CHARGES, SERVITUDES, LIENS, RESERVATIONS AND EASEMENTS FOR JOHNSON RANCH (the "First Amendment") is made as of this 16th day of May, 2006, by JOHNSON RANCH HOLDINGS, LLC, A DELAWARE LIMITED LIABILITY COMPANY ("Declarant").

WITNESSETH

WHEREAS, on October 7, 1998, a Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Johnson Ranch was recorded as Fee Number 1998-041265 in the offices of the Pinal County Recorder (the "Declaration"); and

WHEREAS, on May 21, 1999, an Amended and Restated Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Johnson Ranch was recorded as Fee Number 1999-023417 and re-recorded on August 17, 1999, at Fee No. 1999-037342 in the offices of the Pinal County Recorder (the "Restated Declaration"); and

WHEREAS, pursuant to the terms of Section 15.4 of the Restated Declaration, the Declaration may be amended in writing by the Declarant provided that the Declarant owns any Lot or Parcel;

WHEREAS, as of the date of this First Amendment, the Declarant still owns a Lot or Parcel; and

**COURTESY RECORDING
NO TITLE LIABILITY**

NOW, THEREFORE, the Restated Declaration is hereby amended as follows:

Article VII, Section 7.13 of the Restated Declaration is hereby amended by deleting it in its entirety and replacing it with the following:

Section 7.13. Working Capital Fund.

To ensure that the Association shall have adequate funds to meet its expenses or to purchase necessary equipment or services, each Person who becomes an Owner of a Lot which is restricted by a Tract Declaration to Single Family Use, Cluster Residential Use or Residential Condominium Development Use shall pay to the Association immediately upon becoming the Owner of the Lot a sum equal to the greater of one-sixth ($1/6^{\text{th}}$) of the then current Annual Assessment for the Lot, and each Person who becomes an Owner of a Lot or Parcel restricted by a Tract Declaration to a use other than Single Family Residential Use, Cluster Residential Use or Residential Condominium Development Use shall pay to the Association a sum equal to the greater of one-sixth ($1/6^{\text{th}}$) of the then current Annual Assessment for such ("Working Capital Fund Payment"). If the Working Capital Fund Payment is not made within thirty (30) days of the recording date of the deed or agreement for sale, late charges and other remedies of the Association shall apply according to the Declaration and Arizona law. 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. Working Capital Fund Payments made pursuant to this Section shall be nonrefundable and shall not be offset or credited against or considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration or any other obligations arising under this Declaration.

No Working Capital Fund Payment shall be payable with respect to: (1) the transfer or conveyance of a Lot by devise or intestate succession; (2) a transfer or conveyance of a Lot for estate planning purposes; or (3) a transfer or conveyance to a corporation, partnership or other entity in which the grantor owns a majority interest unless the Board determines, in its sole discretion, that a material purpose of the transfer or conveyance was to avoid payment of the Working Capital Fund Payment in which event a Working Capital Fund Payment shall be payable with respect to such transfer or conveyance.

The Board, by majority vote, may increase the Working Capital Fund Payment up to twenty percent (20%) of the previous year's Working Capital Fund Payment. The Working Capital Fund Payment may be increased more than 20% of the previous year's Working Capital Fund Payment provided that a majority of the Owners approve of said increase.

Except as expressly amended by this First Amendment, the Restated Declaration shall remain in full force and effect. In the event of any conflict or inconsistency between this First Amendment and the Restated Declaration, this First Amendment shall prevail. All capitalized terms not defined in this First Amendment shall have the same definition assigned to them in the Restated Declaration.

IN WITNESS WHEREOF, JOHNSON RANCH HOLDINGS, LLC, a Delaware limited liability company, as successor to 1580 SANTAN MOUNTAIN, LLC, an Arizona limited liability corporation and the George H. Johnson Revocable Trust, and has executed this First Amendment as of the day and year first above written:

By: Curt Smith
Its: Authorized Representative

By: Curt Smith
Its: Authorized Representative

State of Arizona)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 16th day of May, 2006, by Curt Smith, an authorized representative of Johnson Ranch Holdings, LLC, a Delaware Limited Liability Company, on behalf thereof.

Julie M. King
Notary Public

My Commission Expires: 3/14/2009

