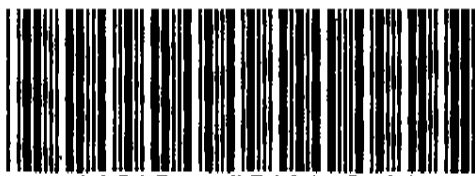


When recorded, return to:

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JUSTIN HARTNEY

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR DC RANCH PARCEL 2.17/2.18/2.19**

This Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 2.17/2.18/2.19 ("**Supplemental Declaration**") is made effective this 26th day of September, 2002, by DC RANCH L.L.C., an Arizona limited liability company ("**Declarant**").

A. Declarant is the developer of the master planned community located in the City of Scottsdale, Maricopa County, Arizona, commonly known as DC Ranch (the "**Development**"); and

B. Declarant executed the DC Ranch Community Council Amended and Restated Declaration of Covenants and Easements and recorded said document in the official records of Maricopa County, Arizona on July 16, 1999, as Document No. 99-0673268 (the "**Council Declaration**"); and

C. Declarant executed the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Ranch and recorded said document in the official records of Maricopa County, Arizona on July 16, 1999, as Document No. 99-0673267 (the "**Ranch Declaration**"); and

D. The Council Declaration and the Ranch Declaration each contemplates that supplemental declarations for parcels located within the Development will be executed and Recorded periodically as the development of the Development proceeds; and

E. Declarant wishes to cause that portion of the Development described on Exhibit "A" attached hereto (the "**Tract**") to become subject to the Council Declaration and the Ranch Declaration, and to be developed in accordance with certain supplemental covenants, conditions and restrictions as set forth herein.

NOW, THEREFORE, Declarant hereby declares that the Tract shall be held, sold and conveyed subject to the following restrictions, covenants, conditions, terms and provisions:

1. **Annexation.** Pursuant to Section 15.2 of the Council Declaration and Section 9.1 of the Ranch Declaration, Declarant hereby declares that the Tract is and shall be subject to the terms and provisions of the Council Declaration and the Ranch Declaration.

2. **Land Use Classification.** The Land Use Classification (as such term is used in Exhibit "C" to the Council Declaration and Exhibit "D" to the Ranch Declaration) for the real

property within the Tract shall be single-family residential, and construction on such real property shall be limited to single-family dwelling units and related common elements. Notwithstanding the foregoing, however, Declarant reserves to itself, and its successors and assigns (including without limitation any homebuilder in whose favor Declarant executes, acknowledges and records an assignment of rights), the right to construct and install within the Tract one or more temporary sales trailers, temporary construction trailers, model homes (and related parking areas), and other improvements used in connection with the construction and sale of single-family dwellings within the Tract; provided that all such improvements shall be removed from the Tract or (in the case of a model home) converted to a single family dwelling unit promptly after the completion of all applicable construction and sale activity.

3. **Calculation of Units.** The Tract has been subdivided into eighty-three (83) residential lots (collectively, the "Lots", and each, individually, a "Lot") pursuant to the subdivision plat for the Tract recorded of even date herewith in the official records of Maricopa County, Arizona (the "Plat"). Accordingly, for purposes of Exhibit "C" to the Council Declaration and Exhibit "D" to the Ranch Declaration, there shall be eighty-three (83) Units in the Tract. If Declarant duly amends the Plat, such that the number of Lots in the Tract is greater or less than eighty-three (83), then Declarant may, without obtaining the consent of any owner of any such lot or any portion of the Tract, amend this Supplemental Declaration to correctly specify the total number of Lots within, and Units attributable to, the Tract.

4. **Neighborhoods.**

a. **Neighborhood Assessments.** The Lots may be designated by the Ranch Association as a separate Neighborhood (referred to in this instrument as the "Parcel 2.17/2.18/2.19 Neighborhood"), and may be subject to one or more Neighborhood Assessments levied by the Ranch Association with respect to relevant Neighborhood Expenses, including without limitation expenses associated with the private streets, access gates and related facilities now or hereafter located within the Tract. The amount of such levy will be established by the Ranch Association in accordance with the terms of the Ranch Declaration.

b. **Voting Neighborhood.** Notwithstanding any designation of the Tract as the Parcel 2.17/2.18/2.19 Neighborhood, for purposes of allocating Neighborhood Assessments as set forth in Paragraph 4(a) above, Declarant reserves the right to separately designate all or any portion of the Tract as a Neighborhood or as part of a larger Neighborhood for purposes of electing Voting Members pursuant to Section 6.4 of the Ranch Declaration, and for all related purposes.

5. **Commencement of Assessments.** Without limiting the provisions of Paragraph 4 above, the Lots are subject to all assessments, fees and other charges duly imposed pursuant to the Council Declaration and all assessments, fees and other charges duly imposed pursuant to the Ranch Declaration. The obligation to pay assessments, fees and other charges under the Council Declaration and assessments, fees and other charges under the Ranch Declaration shall commence as to all Lots effective as of the recording of this Supplemental Declaration in the official records of Maricopa County, Arizona. The obligation to pay assessments under the Ranch Declaration shall commence as to all Units within the Tract effective as of the recording of this Supplemental Declaration in the official records of Maricopa County, Arizona.

6. **Construction and Maintenance Requirements.** The construction of single-family dwellings within the Lots shall be subject to various approval requirements of the Covenant Commission, as set forth in The Covenant and in the Community Design Book and Design and Construction Manual adopted by the Covenant Commission with respect to residential construction. Each Lot owner shall be responsible for maintenance of all improvements, landscaping and natural open space areas within the Lot in accordance with the Community-Wide Standard applicable to the Development, all other requirements of the Governing Documents, and all other standards imposed by applicable law; provided that Declarant hereby reserves to itself and the Community Council and the Ranch Association (or the agent or contractor of any of them) the right to enter upon such areas to perform such maintenance if the Lot owner fails to do so.

7. **Maintenance of Streetscape Areas.** Any area that is located within a private street tract as shown on the Plat but outside of the private street improvements built within such private street tract, including any landscaping improvements located in such area (a "Streetscape Area"), shall be maintained by the owner of the adjacent Lot or common area tract (as applicable) in accordance with the Community-Wide Standard applicable to the Development, all other requirements of the Governing Documents, and all other standards imposed by applicable law. The determination as to which Lot or common area tract is adjacent to a particular Streetscape Area shall be made by reference to the prolongation of the relevant Lot boundaries and/or common area tract boundaries. If a Lot owner shall fail to meet its maintenance obligations under this Paragraph 7, the Ranch Association shall have the right to perform such maintenance on behalf of such owner and to enter upon such owner's Lot to the extent reasonably necessary do so.

8. **Boundary Walls and Common Yard Walls.** For purposes of this Supplemental Declaration, the term "Boundary Wall" shall mean a landscape wall constructed on, or immediately adjacent to, the common boundary of an Area of Common Responsibility and a Lot, and the term "Common Yard Wall" shall mean a landscape wall constructed on, or immediately adjacent to, the common boundary of two Lots. The rights and duties of Lot owners and the Ranch Association with respect to Boundary Walls and Common Yard Walls shall be as follows:

a. The Ranch Association and the Lot owner who have a Boundary Wall on or adjacent to their common boundary shall both equally have the right to use such Boundary Wall, provided that such use by one such party does not interfere with the use and enjoyment of such Boundary Wall by the other, and two Lot owners who have a Common Yard Wall on or adjacent to their common boundary shall both equally have the right to use such Common Yard Wall, provided that such use by one such party does not interfere with the use and enjoyment of such Common Yard Wall by the other;

b. If any Boundary Wall or Common Yard Wall is damaged or destroyed through the act of an adjacent Lot owner or any of such owner's tenants, invitees, agents, contractors, guests or family members (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Lot owner to rebuild and repair the Boundary Wall or Common Yard Wall without cost to the Ranch Association or the other Lot owner (as applicable) provided that any liability imposed on a Lot owner hereunder shall not limit or prejudice the right of the Lot owner to pursue any available legal remedies against the person(s) causing such damage or destruction;

c. If any Boundary Wall or Common Yard Wall is destroyed or damaged (including by deterioration from ordinary wear and tear), other than by the act of an adjacent Lot owner or any of such owner's tenants, invitees, agents, contractors, guests or family members, it shall be the joint obligation of the Lot owner and the Ranch Association (in the case of a Boundary Wall), or the two Lot owners (in the case of a Common Yard Wall), to rebuild and repair such wall to its pre-existing condition at their joint expense, such expense to be divided equally between them; provided, however, that if such damage or destruction is limited to the surface of a Boundary Wall or Common Yard Wall, then the obligation to repair such damage or destruction shall be the sole responsibility of the owner of the adjacent property toward which such surface faces, at such owner's sole expense;

d. Notwithstanding anything to the contrary herein contained, there shall be no modification of any Boundary Wall or impairment of the structural integrity of any Boundary Wall without the prior consent of the Ranch Association and the Covenant Commission, and there shall be no modification of any Common Yard Wall or impairment of the structural integrity of any Common Yard Wall without the prior consent of the owners of both adjacent Lots and the Covenant Commission;

e. Anything in the foregoing to the contrary notwithstanding, the Ranch Association shall have no responsibility for the maintenance, repair or replacement of any Boundary Wall pursuant to this Paragraph 8 unless and until it has inspected and approved the construction of such Boundary Wall and accepted in writing maintenance responsibility (to the extent provided herein) for such Boundary Wall, in accordance with applicable Ranch Association turnover processes;

f. If a Lot owner shall fail to meet its maintenance or repair obligations under this Paragraph 8, the Ranch Association shall have the right to perform such maintenance or repair on behalf of such owner and to enter upon such owner's Lot to the extent reasonably necessary do so; and

g. The right of any Lot owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

9. **Lighting of Paths and Trails.** Declarant reserves to itself and its successors and assigns the right to install, remove, maintain, replace and repair lighting fixtures, related electrical lines and other related facilities, within the areas designated on the Plat as Tracts "B", "C", "D", "E", "F", "G", "H", "J", "K" and "L", for the purpose of facilitating pedestrian use of private paths and private trails located within such areas. The design and location of such fixtures, lines and related facilities shall be as determined by The Covenant Commission, consistent with the Community Design Book, and The Covenant Commission shall determine from time to time the days and hours of the day on which such lighting fixtures shall be operated.

10. **Photography of Homes.** Each Person acquiring title to a Lot, by the acceptance of a deed or other instrument evidencing such title, hereby consents to having the exterior of any residence constructed on such Lot photographed by professional photographers contracted by Declarant, and agrees that such photographs may be used by Declarant in advertising and marketing materials and also may be used to demonstrate design guideline principles applicable to structures constructed at the Development. All such photographs and all such uses shall be at

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13. **Airport.** Each Lot owner, by taking title to a Lot, acknowledges (for such Buyer and such Buyer's family members, other occupants, successors and assigns) that: (a) the Tract is in close proximity to the Scottsdale Airport flight path and is located within 4 miles of the Scottsdale Airport (the "Airport"), which is currently located generally between Frank Lloyd Wright Boulevard on the north, Pima Road on the east, Thunderbird Road on the south and Scottsdale Road on the west; (b) as of the date hereof, the Airport is operated as a general aviation reliever/commercial service airport for Scottsdale and North Phoenix, used generally for single engine and twin engine airplanes, corporate jets, helicopters and scheduled service turbo prop and jet aircraft; (c) aircraft taking off from and landing at the Airport may fly over the Tract and adjacent properties at altitudes which will vary with meteorological conditions, aircraft type, aircraft performance and pilot proficiency; (d) at the date hereof, the majority of aircraft takeoffs and landings occur daily between 6:00 a.m. and 11:00 p.m., but the Airport is open twenty-four (24) hours each day, so takeoffs and landings may occur at any hour of the day or night; (e) at the date hereof, the number of takeoffs and landings at the Airport average approximately 850 each day, but that number will vary and may increase with time if the number of its operations increases; (f) flights over the Tract or adjacent properties by aircraft taking off from or landing at the Airport may generate noise, the volume, pitch, amount and frequency of occurrence of which will vary depending on a number of factors, including without limitation the altitudes at which the aircraft fly, wind direction and other meteorological conditions and aircraft number and type, and may be affected by future changes in Airport activity; (g) as of the date hereof, management of the Airport has policies in place intended to help reduce or minimize aircraft noise and its influence on owners and occupants of properties in the vicinity of the Airport, but those policies may change over time and in addition other aspects of such policies (including, without limitation, those intended to promote safety) may be given preference over policies relating to limiting noise; and (h) such Lot owner (for such Lot owner and such Lot owner's family members, other occupants, successors and assigns) hereby accepts and assumes any and all risks, burdens and inconvenience caused by or associated with the Airport and its operations (including, without limitation, noise cause by or associated with aircraft flying over the subdivision and adjacent properties), and agrees not to assert or make any claim against (i) the City of Scottsdale, its officers, directors, commissioners, representatives, agents, servants and employees, (ii) DC Ranch Association, Inc. or DC Ranch Community Council, Inc., (iii) DC Ranch L.L.C., its direct and indirect owners, their respective directors, officers, partners, agents, employees, managers, trustees, and any successors or assigns of any of the foregoing.

14. **Interpretation.** This Supplemental Declaration shall run with the land within the Tract, shall be binding on all parties having or acquiring any right, title or interest in the Tract or any part thereof, and their respective heirs, successors and assigns, and shall be enforceable in accordance with and as a part of the Council Declaration and the Ranch Declaration.

15. **Incorporation of Declarations.** The Council Declaration and the Ranch Declaration each is expressly incorporated herein and made a part hereof by this reference. Unless otherwise defined herein, every capitalized term and expression used herein shall have the same meaning as set forth for such terms and expressions in the Council Declaration and the Ranch Declaration, as applicable. In the event of any conflict between the terms of the Council Declaration or the Ranch Declaration and the terms of this Supplemental Declaration, the terms of the Council Declaration or the Ranch Declaration, as applicable, shall control.

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Exhibit "A"

Legal Description

Lots 1 through 83, inclusive, and Tracts "A" through "M", inclusive, of DC RANCH PARCEL 2.17/2.18/2.19, a subdivision according to the plat recorded in Book 607 of Maps, Page 7, records of Maricopa County, Arizona.