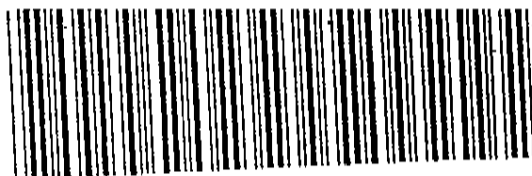


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4201 North 24th Street, Suite 120
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AMM 1 OF 2

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR DC RANCH PARCEL 4.14**

This Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.14 ("Supplemental Declaration") is made effective this 19th day of March, 1998, 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 Declaration of Covenants and Easements and recorded said document in the official records of Maricopa County, Arizona on December 13, 1996 as Document No. 96-0868790 (the "Council Declaration"); and

C. Declarant executed the Declaration of Covenants, Conditions and Restrictions for the Ranch and recorded said document in the official records of Maricopa County, Arizona on December 13, 1996 as Document No. 96-0868791 (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 14.2 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 thirty-three (33) residential lots pursuant to the subdivision plat for the Tract recorded on even date herewith (the "Plat"). Accordingly, for purposes of Exhibit "C" to the Council Declaration and Exhibit "D" to the Ranch Declaration, there shall be thirty-three (33) Units in the Tract. If Declarant duly amends the subdivision plat for the Tract, such that the number of residential lots in the Tract is greater or less than thirty-three (33), 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 residential lots within, and Units attributable to, the Tract.

4. Neighborhood Assessments. The residential lots depicted on the Plat (the "Lots"), together with certain other property within the Development located north of Thompson Peak Parkway and accessed from Thompson Peak Parkway by private streets, will be designated by the Ranch Association as a Neighborhood, and will be subject to one or more Neighborhood Assessments levied by the Ranch Association with respect to certain Neighborhood Expenses, including without limitation expenses associated with the private streets within the Neighborhood, the guardhouses located on Desert Camp Drive, and open space areas, pocket parks and other recreational facilities located within the Neighborhood. The amount of the levy will be established by the Ranch Association in accordance with the terms of the Ranch Declaration.

5. Commencement of Assessments. Without limiting the provisions of Paragraph 4, the Units within the Tract (a) are subject to all assessments duly imposed pursuant to Article VIII of the Council Declaration, and (b) are subject to all assessments duly imposed pursuant to Article VIII of the Ranch Declaration. The obligation to pay assessments under the Council 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. 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. **Building Envelopes.** 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 adopted by the Covenant Commission with respect to residential construction. Such requirements include, among other things, the requirement that any construction plans submitted to the Covenant Commission include a depiction of a construction envelope on the Lot, the location and dimensions of which shall be subject to Covenant Commission review and approval. All construction activities on the Lot shall conform to the requirements pertaining to such construction envelopes set forth in the Construction Guidelines adopted by the Covenant Commission. Approval by the Covenant Commission of construction plans for any such Lot shall include the requirement that the owner of the Lot grant to the Covenant Commission an easement for preservation of natural open space (using a form to be provided by the Covenant Commission) over all areas within the Lot and outside of such construction envelope. No construction of any improvements shall be permitted in any such areas. The 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 and all other requirements of the Governing Documents; 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 Easement.** With respect to each and every Lot (each a "Golf Lot") in the Tract that shares a common boundary with the private golf course located adjacent to the Tract (the "Golf Course"), Declarant hereby reserves to itself and its successors and assigns, and hereby grants to the Community Council and its successors and assigns, and to the owner of the Golf Course, an easement over that area (the "Golf Lot Transition Area") within each Golf Lot that lies between the boundary of the Golf Course and the lot perimeter wall located on such Golf Lot (the "Golf Lot Perimeter Wall"), for purposes of access over, upon and across such Golf Lot Transition Area as reasonably necessary to inspect and maintain such Golf Lot Transition Area, and to inspect, maintain and repair the exterior of such Golf Lot Perimeter Wall, in accordance with the maintenance requirements imposed on the owner of such Golf Lot under the Council Declaration, the Ranch Declaration, the Covenant, Paragraph 6 above, any and all other applicable private governance standards, and the standards imposed by law.

8. **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 Area of Common Responsibility (as applicable) to the Community-Wide Standard and any and all other standards required for maintenance of such Lot or Area of Common Responsibility. If a Lot owner shall fail to meet its maintenance obligations under this Paragraph 8, 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.

9. **Lighting of Paths and Trails.** Declarant reserves to itself and its successors and assigns the right to install, maintain, replace and repair lighting fixtures, related electrical lines and other related facilities, within the areas designated on the Plat as Tracts "C" through "I", inclusive, for the purpose of facilitating pedestrian use of private and public 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. **Revegetation.** Declarant reserves to itself and its successor and assigns an easement over, upon and across those portions of the Lots on which the natural vegetation is disturbed by the construction or installation of street improvements or other infrastructure improvements, for purposes of access as may be necessary (a) to revegetate such areas with native plants in accordance with the Environmental Design Study for DC Ranch Planning Units II and IV approved by the City of Scottsdale in Zoning Case No. 54-ZN-89#2, (b) for purposes of installing, constructing, maintaining, replacing and repairing such irrigation controllers, backflow prevention devices, water lines, irrigation lines and other facilities, as needed in connection with such revegetation, and (c) to maintain all revegetated plants, to the extent, if any, Declarant deems such maintenance appropriate in connection with such revegetation.

11. **Enforcement.** The Community Council may recover from any Lot owner who fails to maintain its Lot or any portion thereof or any adjacent Streetscape Area as required by any of Paragraphs 6, 7 or 8 above and all costs incurred by the Community Council in performing such maintenance on the owner's behalf pursuant to any of said Paragraphs 6, 7 or 8. In addition, without limiting any other rights or remedies available to the Community Council, in all cases of an owner's failure to maintain as required by any of Paragraphs 6, 7 or 8, the Community Council may impose a Specific Assessment under the Council Declaration against the owner's property within the Development in the amount of such costs or damages, which assessment shall be immediately due and payable upon delivery of notice of such assessment to the owner. All or any portion of the foregoing rights of the Community Council may be delegated to the Association pursuant to Section 6.10 of the Council Declaration (provided that any Specific Assessment levied by the Association in accordance with this paragraph shall be levied pursuant to the Ranch Declaration).

12. **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 Declaration.

13. **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

Exhibit "A"

Legal Description

Lots 701 through 733, inclusive, and Tracts "A" through "I", inclusive, of DC RANCH PARCEL 4.14, a subdivision according to the plat recorded in Book 464 of Maps, Page 17, records of Maricopa County, Arizona.