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When recorded, return to:

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SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR DC RANCH PARCEL 4.2

This Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.2 ("Supplemental Declaration") is made effective this 24th day of October, 1999, 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 residential condominium, and construction on such real property shall be limited to residential condominium units and related common elements and limited 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 temporary construction trailers, model condominium units (and related parking areas), and other improvements used in connection with the construction and sale of residential condominium units within the Tract; provided that all such improvements shall be removed from the Tract or (in the case of a model condominium unit) converted to a condominium unit promptly after the completion of all applicable construction and sale activity.

3. **Calculation of Units.** The Tract has been subdivided into eighty-one (81) residential condominium units pursuant to the condominium plat for the Tract recorded of 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 eighty-one (81) Units in the Tract. If Declarant duly amends the condominium plat for the Tract, such that the number of residential condominium units in the Tract is greater or less than eighty-one (81), then Declarant may, without obtaining the consent of any owner of any such unit or any portion of the Tract, amend this Supplemental Declaration to correctly specify the total number of residential condominium units within, and Units attributable to, the Tract.

4. **Neighborhood Assessments.** The residential condominium units (the "Condominium Units") depicted on the Plat and defined as "Units" in the Declaration of Condominium and of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.2, a condominium, recorded of even date herewith in the records of Maricopa County, Arizona (the "Condominium Declaration"), together with all other property within the Development located north of Thompson Peak Parkway and accessed from Thompson Peak Parkway (directly or indirectly) by Desert Camp Drive, has been or 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 common areas and 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. Nothing in this Supplemental Declaration shall limit the rights and powers of the Ranch Association under the Ranch Declaration (a) to redesignate the boundaries of any Neighborhood, (b) to determine the Neighborhood Expenses for any Neighborhood, or (c) to perform any other act or function relating to any Neighborhood.

5. **Commencement of Assessments.** Without limiting the provisions of Paragraph 4, the Condominium Units (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 Condominium Units 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 Condominium Units 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 Condominium Units 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 and the Construction Guidelines adopted by the Covenant Commission (as defined in the Condominium Declaration) shall maintain all Common Elements and Areas of Association Responsibility (which terms, for purposes of this instrument, shall have the meaning ascribed to them in the Condominium Declaration, notwithstanding any inconsistent meaning ascribed to such terms in the Council Declaration or the Ranch Declaration) in accordance with the Community-Wide Standard applicable to the Development and all other requirements of the Governance Documents and (except to the extent that the Condominium Declaration dictates that portions of the Condominium Units are to be maintained by the Association as Areas of Association Responsibility) each Condominium Unit owner shall be responsible for maintenance of all improvements, landscaping and natural open space areas within its Condominium Unit in accordance with the Community-Wide Standard applicable to the Development and all other requirements of the Governance Documents; provided that Declarant hereby reserves to itself and to the Community Council and the Ranch Association (or the agent or contractor of any of them) the right (but not the obligation) to enter upon such Condominium Units, Common Elements and Areas of Association Responsibility to perform such maintenance if the party responsible for such maintenance fails to do so.

7. **Lighting of Paths and Trails.** Declarant reserves to itself and its successors and assigns the right (but Declarant shall have no obligation) to install, maintain, replace and repair lighting fixtures, related electrical lines and other related facilities, within the areas designated on the Plat as private trail easements, for the purpose of facilitating pedestrian use of private trails located within such areas, and within the areas designated on the Plat as public trail easements, for the purpose of facilitating pedestrian use of public trails located within such areas. The design and location of all such fixtures, lines and related facilities (without regard to whether such fixtures, lines and related facilities were installed by Declarant or by any other person or entity) 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.

8. **Enforcement.** The Community Council may recover from any Condominium Unit owner who fails to maintain its Condominium Unit or any portion thereof as required by Paragraph 6 above, or from the Association if it fails to maintain any Common Element or Area of Association Responsibility, any and all costs incurred by the Community Council in performing such maintenance on behalf of such Condominium Unit owner or on behalf of the Association (as applicable) pursuant to Paragraph 6. In addition, without limiting any other rights or remedies available to the Community Council, the Community Council may impose a Specific Assessment

under the Council Declaration against the applicable Condominium Unit owner's property within the Development (where the failure to maintain is the responsibility of a Condominium Unit owner) or against all of the Condominium Units (where the failure to maintain is the responsibility of the Association) in the amount of such costs, which assessment shall be immediately due and payable upon delivery of notice of such assessment to the applicable owner(s). All or any portion of the foregoing rights of the Community Council may be delegated to the Ranch Association pursuant to Section 6.10 of the Council Declaration (provided that any Specific Assessment levied by the Ranch Association in accordance with this paragraph shall be levied pursuant to the Ranch Declaration).

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9. **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 each of the Council Declaration and the Ranch Declaration.

10. **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.

11. **Amendment.** This Supplemental Declaration may be amended in the same manner as the Ranch Declaration may be amended in accordance with the provisions of the Ranch Declaration.

IN WITNESS WHEREOF, Declarant has executed the foregoing instrument as of the date first set forth above.

DC RANCH L.L.C., an Arizona limited liability company

By: DMB PROPERTY VENTURES LIMITED PARTNERSHIP, an Arizona limited partnership, Administrative Member

By: DMB GP, INC., an Arizona corporation, General Partner

By: *Chief Financial*

Its: *Vice President*

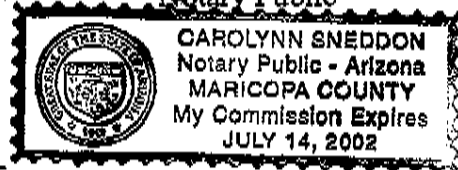
STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 19th day of October, 1999,
by Charley Freericks, the Vice President, of DMB GP, INC., an Arizona
corporation, in its capacity as General Partner of DMB PROPERTY VENTURES LIMITED
PARTNERSHIP, a Delaware limited partnership, in its capacity as Administrative Member of DC
RANCH L.L.C., an Arizona limited liability partnership, on behalf thereof.

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Carolynn Sneddon

Notary Public



My Commission Expires:

07-14-02

Exhibit "A"

LEGAL DESCRIPTION

Units 301 through 381, DC RANCH PARCEL 4.2, according to the condominium plat recorded in Book 515 of Maps, page 48, in the records of Maricopa County, Arizona.

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