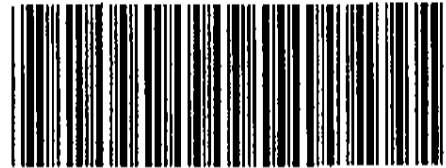


When recorded, return to:

Gordon E. Hunt, Esq.  
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11201 North Tatum Blvd., Suite 330  
Phoenix, Arizona 85028

LAWYERS TITLE OF ARIZONA, INC.



OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
2002-0994611 09/26/02 16:56  
3 OF 3

WARRANTY

**SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR DC RANCH PARCEL G.1  
AND SUPPLEMENT TO THE COVENANT**

This Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel G.1 and Supplement to Covenant ("**Supplemental Declaration**") is made effective this 26<sup>th</sup> 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. Declarant executed The Covenant at DC Ranch and recorded said document in the official records of Maricopa County, Arizona on December 13, 1996, as Document No. 96-0868789, and re-recorded said document on May 5, 1997, as Document No. 97-0298843, and amended said document pursuant to the First Amendment to The Covenant at DC Ranch, recorded on July 16, 1999 as Document No. 99-0673266 (as amended, the "**Covenant**"); and

E. 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

F. The Covenant contemplates that additional land may be made subject to The Covenant in any manner, including by recordation of a Supplement to the Covenant; and

G. Declarant wishes to cause that portion of the Development described on Exhibit "A" attached hereto (the "**Tract**") to become subject to the Council Declaration, the Ranch

Declaration and the Covenant, 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, Section 9.1 of the Ranch Declaration, and Section 2.1 of the Covenant, Declarant hereby declares that the Tract is and shall be subject to the terms and provisions of the Council Declaration, the Ranch Declaration and the Covenant, respectively.

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, including attached single-family dwelling units on the Attached Lots (as defined in Paragraph 11(a) below), 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 a sales center (and related parking areas and temporary access areas) and 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 and to use portions of the Tract for materials storage in connection with the construction and sale of single-family dwellings within the Tract; provided that all such improvements (with the exception of the sales center) and materials 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 sixty (60) 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 sixty (60) Units in the Tract. If Declarant duly amends the Plat, such that the number of Lots in the Tract is greater or less than sixty (60), 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 the Tract.

4. **Neighborhoods.**

a. **Neighborhood Assessments for Planning Unit VI.** The Lots, together with certain other property within the Development located east of Thompson Peak Parkway and accessed from Thompson Peak Parkway by private streets, have been or will be designated by the Ranch Association as a Neighborhood (referred to in this instrument as the "**Planning Unit VI Neighborhood**"), and will be subject to one or more Neighborhood Assessments levied by the Ranch Association with respect to certain relevant Neighborhood Expenses, including without limitation expenses associated with some or all of the private streets within the Planning

Unit VI Neighborhood, guardhouses located on Windgate Pass Drive, and some or all of the open space areas, parks and other recreational facilities located within the Planning Unit VI Neighborhood. The amount of the foregoing levy will be established by the Ranch Association in accordance with the terms of the Ranch Declaration.

b. Neighborhood Assessments for The Parks. The Lots (together with certain other lots located in the adjacent subdivisions known as DC Ranch Parcel G.2/G.4, DC Ranch Parcel G.3 and DC Ranch Parcel 5.1) may be designated by the Ranch Association as a separate Neighborhood (referred to in this instrument as the "The Parks"), and may be subject to one or more separate Neighborhood Assessments levied by the Ranch Association with respect to certain relevant Neighborhood Expenses. The amount of the foregoing levy will be established by the Ranch Association in accordance with the terms of the Ranch Declaration.

c. Golf Neighborhood. The Tract is hereby designated as a "Golf Neighborhood" for purposes of Section 11.8 of the Ranch Declaration.

d. Voting Neighborhood. Notwithstanding any designation of the Tract as a portion of The Parks or as a portion of the Planning Unit VI Neighborhood, for purposes of allocating Neighborhood Assessments as set forth in Paragraphs 4(a) and 4(b) 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.

6. Construction and Lot Maintenance Requirements.

a. General Construction Requirements. The construction of, and all modifications to, any and all improvements within the Lots (including landscaping) shall be subject to various approval requirements of the Covenant Commission, as set forth in The Covenant and in the Silverleaf – The Parks Design and Construction Manual adopted by the Covenant Commission with respect to residential construction, and all other rules, regulations, and design standards and guidelines adopted by the Covenant Commission with respect to the Tract from time to time.

b. Additional Construction Requirements for NOS Lots. In addition to the requirements set forth in Paragraph 6(a) above, (a) any construction plans submitted to the Covenant Commission with respect the Lots 1346, 1347, and 1357 through 1360, inclusive (the "NOS Lots") shall 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, (b) all construction activities on each NOS Lot shall conform to the requirements pertaining to such

construction envelopes set forth in the construction guidelines adopted by the Covenant Commission, (c) the owner of each NOS Lot shall grant to the Covenant Commission an easement for preservation of natural open space (using a form approved by the Covenant Commission) over all areas within the Lot and outside of such construction envelope, and (d) no construction of any improvements shall be permitted in any such areas.

c. General Lot Maintenance Requirements. The Lot owner shall be responsible for maintenance of all improvements, landscaping and natural open space areas (if any) 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.

d. Additional Lot Maintenance Requirements for NOS Lots. 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 private golf course located adjacent to the Tract (the "Golf Course"), an easement over that area (the "Lot Transition Area") within each NOS Lot (other than Lot 1346) that lies between the boundary of the Golf Course and the lot perimeter wall located on such NOS Lot (the "Lot Perimeter Wall"), for purposes of access over, upon and across such Lot Transition Area as reasonably necessary to inspect and maintain such Lot Transition Area, and to inspect, maintain and repair the exterior of such Lot Perimeter Wall, 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, if such Lot owner fails to do so.

e. Revegetation on NOS Lots. Declarant reserves to itself and its successors and assigns an easement over, upon and across those portions of the NOS 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 III, V & VI, 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.

## 7. Maintenance of Streetscape Areas.

a. General. 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, except that the Street Trees (as defined in Paragraph 7(b) below) and sidewalks running parallel to adjacent streets

shall be maintained by the Ranch Association. 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.

b. Street Trees. Declarant intends to install (or to cause Builders or other third parties to install) trees and irrigation facilities serving such trees in the areas located between the outside edge of the private street improvements and the sidewalks located along the perimeter of the Lots. Some of such trees and facilities may be within the boundaries of the Lots and some may be in the adjacent Streetscape Areas. Notwithstanding anything to the contrary in this Supplemental Declaration, Declarant shall maintain all such trees (the "Street Trees") until such time as the Ranch Association assumes responsibility for their maintenance in accordance with applicable subdivision landscape turnover processes. So long as Declarant is responsible to perform such maintenance, Declarant shall pay for all costs incurred in connection with such maintenance; once the Ranch Association assumes responsibility for such maintenance, the Ranch Association shall pay such costs, which it shall recover through a Neighborhood Assessment levied against all Lots in The Parks.

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 (including restoration of any affected landscaping) 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 damaged or destroyed through the act of the Ranch Association or any of its agents or contractors (whether or not such act is negligent or otherwise culpable), it shall be the obligation of the Ranch Association to

rebuild and repair the Boundary Wall or Common Yard Wall (including restoration of any affected landscaping) without cost to the adjacent Lot owner(s) provided that any liability imposed on the Ranch Association hereunder shall not limit or prejudice the right of the Ranch Association to pursue any available legal remedies against the person(s) causing such damage or destruction.

d. 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 (including restoration of any affected landscaping) 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.

e. In connection with any rebuilding or repair of a Boundary Wall or Common Wall in accordance with this Paragraph 8, each adjacent Lot owner shall have the right to enter upon the other adjacent Lot as may be reasonably necessary in order to carry out such rebuilding or repair (including restoration of any affected landscaping).

f. 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.

g. 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.

h. 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.

i. The right of any Lot owner to contribution from the Ranch Association or from any other Lot owner under this Paragraph 8 shall be appurtenant to the land and shall pass to such Lot 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 "A" through "E", inclusive, "G" through "L", inclusive, and "O" through "S", inclusive, and within any and all other areas designated on the Plat as "Private Trail Easement" or "PVT.TRE.", or as "Sidewalk Easement" or "S.W.E.", for the purpose of facilitating pedestrian use of private paths and trails located within such tracts and other areas. The design and location of such fixtures, lines and related facilities shall be as determined by The Covenant Commission, consistent with the Silverleaf - The Parks Design and Construction Manual and all other rules, regulations, and design standards and guidelines adopted by the Covenant Commission with respect to the Tract from time to time, 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. **Restrictions Regarding "Clear Zone Easement" Areas.** The Ranch Association and/or the Community Council shall have the right to establish, from time to time, such rules and regulations relating to the areas designated on the Plat as Tracts "O" through "S", inclusive, and within any and all other areas designed on the Plat as "Clear Zone Easement" or "C.Z.E.", including without limitation, rules and regulations relating to the circulation of traffic (including, without limitation, one-way traffic) and refuse collection within such areas, as the Ranch Association and/or the Community Council deem necessary or desirable in such parties' sole and absolute discretion. No parking of motorized vehicles of any type (other than emergency or service vehicles operated by or on behalf of the City of Scottsdale) may be parked in any area designated on the Plat as a Clear Zone Easement.

11. **Attached Lots.**

a. **Application.** The provisions of this Paragraph 11 shall apply only to the Lots designated as Lots 1323 through 1330, inclusive, 1332 and 1333 on the Plat (collectively, the "Attached Lots" and, each, individually, an "Attached Lot"). The provisions of this Paragraph 11 may be amended without the consent of the owner of any Lot that is not an Attached Lot.

b. **Party Walls.** With respect to any Party Wall (as defined below), the owners of the relevant adjoining dwelling units shall have the rights and obligations set forth in this Paragraph 11(b); the Ranch Association shall have no responsibility whatsoever for maintenance, repair or replacement of any portion of any Party Wall. To the extent not inconsistent with the provisions of this Paragraph 11(b), the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to the Party Walls. For purposes of this Supplemental Declaration, the term "Party Wall" means a wall that separates the interior of one dwelling unit from the interior of another dwelling unit and that lies on or about the common Lot boundary between such two dwelling units.

(1) If any Party Wall is damaged or destroyed through the act of the owner of an adjoining dwelling unit, 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 dwelling unit owner to rebuild and repair the Party Wall without cost to the other dwelling unit owner; provided that any liability

imposed on a dwelling unit owner hereunder shall not limit or prejudice the right of the dwelling unit owner to pursue any available legal remedies against the person(s) causing such damage or destruction.

(2) If any Party Wall is destroyed or damaged (including by deterioration from ordinary wear and tear), other than by the act of the owner of an adjoining dwelling unit or any of such owner's tenants, invitees, agents, contractors, guests or family members, it shall be the joint obligation of the owners of both adjoining dwelling units to rebuild and repair such Party Wall to its pre-existing condition at their joint expense, such expense to be divided equally between them (and, in event that one such owner fails or refuses so to act, the other owner may undertake the rebuilding or repair of such Party Wall to its pre-existing condition, and thereupon shall have the right to obtain contribution from the owner who failed or refused to act, in the amount of one-half of the cost of such rebuilding or repair); provided, however, that if such damage or destruction is limited to the surface of a Party Wall, then the obligation to repair such damage or destruction shall be the sole responsibility of the owner of the adjoining dwelling unit toward which such surface faces, at such owner's sole expense; and provided that utilities, conduit, facilities and appurtenances to the Party Wall serving only one dwelling unit shall be maintained and repaired solely at the cost of the owner whose dwelling unit is served thereby, except as provided in Paragraph 11(b)(1) above.

(3) In connection with any rebuilding or repair of a Party Wall in accordance with this Paragraph 11(b), each adjacent Lot owner shall have the right to enter upon the other adjacent Lot as may be reasonably necessary in order to carry out such rebuilding or repair.

(4) The right of any dwelling unit owner to contribution from any other dwelling unit owner under this Paragraph 11(b) shall be appurtenant to the land and shall pass to such owner's successors in title.

c. **Common Roof Structure.** With respect to any Common Roof Structure (as defined below), the owners of the relevant adjoining dwelling units shall have the rights and obligations set forth in this Paragraph 11(c); the Ranch Association shall have no responsibility whatsoever for maintenance, repair or replacement of any portion of any Common Roof Structure. To the extent not inconsistent with the provisions of this Paragraph 11(c), the general rules of law regarding and liability for property damage due to negligence or willful acts or omissions shall apply to the Common Roof Structures. For purposes of this Supplemental Declaration, the term "**Common Roof Structure**" means the structural elements of any single roof that is attached to any portion of two adjoining dwelling units, but does not include shingles, tiles or other non-structural elements.

(1) If any Common Roof Structure is damaged or destroyed through the act of the owner of an adjoining dwelling unit, 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 dwelling unit owner to rebuild and repair the Common Roof Structure without cost to the other dwelling unit owner; provided that any liability imposed on a dwelling unit owner hereunder shall not













