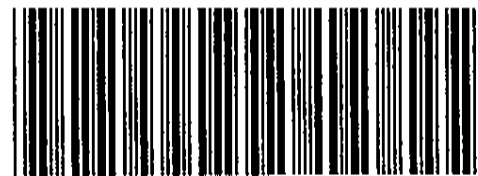


When recorded, return to:

Biskind, Hunt & Taylor, P.L.C.
11201 North Tatum Boulevard
Suite 330
Phoenix, Arizona 85028
Attention: Gordon E. Hunt, Esq.



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
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**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR DC RANCH PARCEL 1.11,
AND SUPPLEMENT TO THE COVENANT,
AND AIRPORT NOTIFICATION**

This Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 1.11 and Supplement to The Covenant, and Airport Notification ("**Supplemental Declaration**") is made effective this 23rd day of October, 2003, 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 14.2 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 and related common areas. 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 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 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 eighty-seven (87) 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-seven (87) Units in the Tract. If Declarant duly amends the Plat, such that the number of residential lots in the Tract is greater or less than eighty-seven (87), 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.

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4. **Neighborhoods.**

a. **Neighborhood Assessments for Planning Unit I.** The Lots, together with certain other property within the Development located south of the Union Hills alignment have been or will be designated by the Ranch Association as a Neighborhood (referred to in this instrument as the "**Planning Unit I 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 I Neighborhood, and some or all of the open space areas, parks and other recreational facilities located within the Planning Unit I 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 Parcel 1.11.** The Lots may be designated by the Ranch Association as a separate Neighborhood (referred to in this instrument as the "**Parcel 1.11 Neighborhood**"), 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. **Voting Neighborhood.** Notwithstanding any designation of the Tract as the Parcel 1.11 Neighborhood or as a portion of the Planning Unit I 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 Maintenance 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 Community Design Book 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. Each Lot owner shall be responsible for maintenance of all improvements, landscaping and natural open space areas (if any)

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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 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. Acceptance by the Community Council or the Ranch Association (as applicable) of improvements to be constructed in areas outside of the Lots shall be subject to compliance with the requirements of the Community Design Book and the Construction Guidelines and subject to the improvements' compliance with the requirements of The Covenant.

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 under 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 Party 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 "**Party 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 Party 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 Party Wall on or adjacent to their common boundary shall both equally have the right to use such Party Wall, provided that such use by one such party does not interfere with the use and enjoyment of such Party Wall by the other;

b. If any Boundary Wall or Party Wall is damaged or destroyed through the act of an adjacent Lot owner or any of such owner's tenants, invitees, agents, 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

Party 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 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 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;

d. If any Boundary Wall or Party 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 Party Wall), to rebuild and repair such wall (including restoration of any affected landscaping) 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 Party 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 (or the Ranch Association, if applicable) shall have the right to enter upon the adjacent Lot or Area of Common Responsibility 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 Party Wall or impairment of the structural integrity of any Party 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 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; and

i. If a portion of a Boundary Wall (in its original location as approved by the Ranch Association and Covenant Commission, or as it may be relocated with the approval of the Ranch Association and the Covenant Commission) encroaches onto a Lot or encroaches onto an Area of Common Responsibility, and if such encroachment does not at any point exceed three (3) feet from the relevant Lot boundary, then, for so long as such encroachment continues, (a) the owner of the property onto which the Boundary Wall encroaches (the "**Burdened Property**") shall be deemed to have granted an easement of access and enjoyment to the owner of the adjacent Lot or Area of Common Responsibility (the "**Benefited Property**") over that portion of the Burdened Property lying on the same side of the Boundary Wall as the Benefited Property (the "Easement Area"), and (b) the owner of the Benefited Property shall be responsible for maintenance of the Easement Area in accordance with all maintenance standards applicable to the adjacent portion of the Benefited Property, whether such maintenance standards are imposed pursuant to the Community Council Governing Documents, the Ranch Governing Documents, or any other governing law or agreement.

j. 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. **Easement for Surface Water Run-Off.** In any instance in which storm water drains from the surface of a Lot (the "Surface Draining Lot") or Area of Common Responsibility onto an adjacent Lot (an "Adjacent Surface Lot"), the owner of the Adjacent Surface Lot shall be deemed to have granted to the owner of the Surface Draining Lot or Area of Common Responsibility a non-exclusive easement over the adjacent five (5) feet of the Adjacent Surface Lot extending from the street-side boundary of the Adjacent Surface Lot to the wall separating the front yard of the Adjacent Surface Lot from the side yard of the Adjacent Surface Lot, for purposes of drainage of such storm water from the surface of the Surface Draining Lot or Area of Common Responsibility, but only to the extent that such drainage consists of water flow resulting from a finished grade established in accordance with the final civil plans for the property containing the Tract prepared by the original Builder and approved by the City of Scottsdale.

10. **Pedestrian Lighting.** 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 area designated on the Plat as Tracts "B" through "F", inclusive, and within any and all other areas designated on the Plat as "Private Trail Easement" or "PVT.TR.E.", or as "Sidewalk Easement" or "S.W.E.", for the purpose of facilitating pedestrian use of private paths and private 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 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.

11. **Revegetation.** Declarant reserves to itself and its successors 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 Unit I, 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.

12. **Adjacent Land Uses.**

a. **General.** Declarant hereby gives notice that the Tract is located adjacent to (i) various parcels of land, not within DC Ranch, zoned for residential use, to the north and northwest, (ii) land zoned for single-family attached housing, to the west and northwest (DC Ranch Parcel 1.12), (iii) land zoned for single-family attached housing, but which may be utilized for drainage improvements, to the west (DC Ranch Parcel 1.10), (iv) various parcels of land owned by the Arizona State Land Department, zoned for light industrial uses, to the south, (v) various parcels of land, not within DC Ranch, zoned for residential use, to the east and northeast, and (vi) open space parcels within and adjacent to the Reata Pass Wash, to the immediate east and northeast. Each Lot owner, by taking title to a Lot acknowledges that Declarant makes no warranties or representations whatsoever that any land now owned or hereafter acquired by Declarant is or will be committed to or developed for a particular (or any) use, or if that land is once used for a particular use, that such use will continue in effect, and that Declarant reserves the right to change the uses, densities and zoning of any property in the Development which Declarant owns without the consent of any Lot owner.

b. **Airport.** Each Lot owner, by taking title to a Lot, acknowledges (for such Lot owner and such Lot owner'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 1 mile or less from 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

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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 caused by or associated with aircraft flying over the subdivision, tract and adjacent properties), and agrees not to assert or make any claim and hereby waives and releases any claim arising out of or relating to the foregoing against (i) the City of Scottsdale, its officials, 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, or (iv) Maracay Homes Arizona I, 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.

13. **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, Boundary Wall or Party Wall or any portion thereof, as required by any of Paragraphs 6, 7 or 8 above, any and all costs incurred by the Community Council in performing such repair or maintenance on the owner's behalf pursuant to any of said Paragraph 6, 7 or 8, as applicable. 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 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 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).

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.

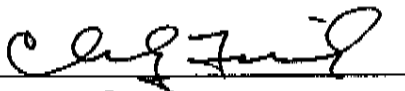
16. **Amendment.** This Supplemental Declaration may be amended in the same manner as the Ranch Declaration may be amended in accordance with the provisions of the Ranch Declaration.

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, a Delaware limited
partnership, Administrative Member

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

By: 
Its: V.P.

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 23rd day of October, 2003, by Charley Treericks, 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 company, for and on behalf thereof.

M. Suzanne Lowery
Notary Public

My Commission Expires:
8-30-05



11/11/11

Exhibit "A"

Legal Description

Lots 1 through 87, inclusive, and Tracts "A" through "K", inclusive, of DC RANCH PARCEL 1.11, a subdivision according to the plat recorded in Book 657 of Maps, Page 16, records of Maricopa County, Arizona.