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When Recorded, Return to:

DRAFT

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

SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR PARCEL 1.1 VILLAGE AT DC RANCH, SUPPLEMENT TO THE COVENANT, AND AIRPORT NOTIFICATION

This Supplemental Declaration of Covenants, Conditions, Restrictions and Easements for Parcel 1.1 Village at DC Ranch, Supplement to the Covenant, and Airport Notification (the "Supplemental Declaration") is made this ____ day of _____, 2006, by DC RANCH L.L.C., an Arizona limited liability company ("Developer").

RECITALS

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

B. Parcel 1.1 Village LLC, an Arizona limited liability company ("PVLLC"), is the owner of that certain portion of the Community described on Exhibit "A" attached hereto and incorporated herein by this reference ("Parcel 1.1"); and

C. Developer 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 the Council Declaration contemplates that supplemental declarations for parcels located within the Community will be executed and recorded periodically as the development of the Community proceeds; and

D. Developer executed the Declaration of Annexation for Parcel 1.1 Village at DC Ranch and recorded said document in the official records of Maricopa County, Arizona concurrently with this instrument (the "Declaration of Annexation"), by which Parcel 1.1 became subject to the Council Declaration, and PVLLC consented to and joined in the Declaration of Annexation; and

E. Developer and PVLLC wish to cause Parcel 1.1 to be developed in accordance with certain supplemental covenants, conditions and restrictions as set forth herein, and

Developer and PVLLC wish to impose certain easements upon Parcel 1.1 for the mutual and reciprocal benefit and complement of all portions of Parcel 1.1 and the present and future respective Owners thereof, on the terms and conditions hereinafter set forth.

DECLARATION

NOW, THEREFORE, in consideration of the premises, Developer declares as follows:

1. Definitions. For purposes of this Supplemental Declaration, the following terms shall have the following meanings, and all capitalized terms used but not defined in this Supplemental Declaration shall have the meaning provided for such terms in the Council Declaration:

(a) The term "Assessment Lien" shall mean a lien imposed upon real property, or an interest in real property, within Parcel 1.1 in accordance with Paragraph 13(f) below.

(b) The term "Common Area" shall mean those portions of Parcel 1.1 that are outside of exterior walls of Buildings from time to time located on Parcel 1.1, including those portions that are paved and intended for use by Owners and/or Permittees for vehicular and/or pedestrian traffic, expressly excluding, however, all loading, docking, delivery or service areas or facilities and drive-up or drive-through facilities located on a Parcel.

(c) The term "Common Area Maintenance Expenses" shall mean and include all reasonable costs and expenses of every nature and kind as may be actually paid or incurred by Developer (including appropriate reasonable reserves as approved by Developer) in operating, managing, equipping, lighting, insuring, decorating, replacing, repairing and maintaining the Common Area and in providing such security and other protection for Parcel 1.1 as Developer deems necessary. The Common Area Maintenance Expenses shall include, but shall not be limited to: (i) general maintenance and repairs of the Common Area and all improvements located thereon; (ii) resurfacing, striping and cleaning the Common Area; (iii) maintenance, repair, replacement and reconstruction of improvements located within the Common Area, including landscaping and irrigation systems, monument signs, directional signs, parking sites or stalls, flag poles, sidewalks, ramps (excluding loading ramps), driveways, lanes, curbs, gutters, traffic control areas, traffic islands, parking lighting facilities, fire protection systems, storm drainage and sanitary sewer systems, trash disposal or other utility systems, perimeter walls, detention basins, pedestrian walkway or landscaped areas, including planters, planting boxes, edgers, fountains, valves and customer conveniences, such as mail boxes, public telephones and benches for the comfort and convenience of Permittees; janitorial services relating to the Common Area; the cost of water service, electricity and other utility costs incurred in connection with the Common Area; the wages and related payroll costs of personnel employed by Developer to implement services furnished by Developer; premiums for liability and property insurance maintained in connection with the Common Area; fees for required licenses and permits; supplies; reasonable depreciation on maintenance and operating machinery and equipment (if owned by Developer) and rental paid for such machinery and equipment (if rented), provided that no Owner has previously been assessed for the costs and expenses of acquiring such

machinery and equipment and only to the extent such machinery and equipment is actually used on the Common Area, such depreciation and rentals to be allocated based upon the actual use of such equipment and machinery in Parcel 1.1.

(d) The term "Covenant" shall mean The Covenant at DC Ranch, recorded on December 13, 1996, as Document No. 96-0868789, and re-recorded on May 5, 1997, as Document No. 97-0298843, official records of Maricopa County, Arizona, as amended by the First Amendment to the Covenant at DC Ranch recorded in the official records of Maricopa County, Arizona on July 16, 1999 as Document No. 99-0673266.

(e) The term "Covenant Commission" shall mean The Covenant Commission, an Arizona non profit corporation, which has been organized to exercise certain authority with respect to the review and approval of construction in the Community.

(f) The term "Developer" shall mean DC Ranch, L.L.C., an Arizona limited liability company, and any assignee of the Developer's rights and powers under this Supplemental Declaration, if any, pursuant to Paragraph 15(m) below.

(g) The term "First Year" shall mean the first full calendar year following the Partial Year.

(h) The term "Floor Area" shall mean the actual number of gross square feet of space contained on all floors within a Building, including any mezzanine or basement space, but excluding appurtenant canopies, loading docks, truck ramps and other outward extensions. Within thirty (30) days after Developer's request, each Owner shall certify to Developer the amount of Floor Area applicable to each Building on its Parcel. If any Owner causes an as-built survey to be prepared with respect to any portion of its Parcel, such Owner shall furnish a copy of the survey to Developer, solely for purposes of quantifying the Floor Area of the relevant portion of the Parcel. During any period of rebuilding, repairing, replacement or reconstruction of a Building, the Floor Area of that Building shall be deemed to be the same as existed immediately prior to that period. Upon completion of such rebuilding, repairing, replacement or reconstruction, the Owner upon whose Parcel such Building is located shall cause a new determination of Floor Area for such Building to be made in the manner described above and such determination shall be sent to any Owner requesting the same.

(i) The term "including" shall mean including without limitation, and the terms "include" and "includes" shall mean, respectively, include without limitation and including without limitation.

(j) The term "Owner" or "Owners" shall mean PVLLC and any and all successors or assigns of PVLLC as the owner of fee simple title (or beneficial title) to all or any portion of Parcel 1.1, whether by sale, assignment, inheritance, operation of law, trustee's sale, foreclosure, or otherwise. The term "Owner" or "Owners" shall not, however, include the holder of any monetary lien or monetary encumbrance on such real property until such holder acquires fee simple title to such real property.

(k) The term "Parcel" or "Parcels" shall mean Parcel 1.1 and each separately identified parcel of real property created by any subdivision of Parcel 1.1; provided, however, upon dedication by an Owner to any applicable governmental authority of any portion of such Owner's Parcel for purposes of a public way, and so long as the same is used solely for such purposes, such dedicated portion shall not be considered a Parcel, but shall thereupon automatically be deemed excluded from the operation and effect of this Supplemental Declaration as fully as though the legal description of such portion were not included in the description of Parcel 1.1 attached hereto.

(l) The term "Partial Year" shall mean the initial fractional calendar year following the completion of construction of the Common Area of Parcel 1.1.

(m) The term "Permittees" shall mean Developer and the Owners and their respective heirs, successors, assigns, grantees, mortgagees, Tenants and subtenants, and all Persons who now hold, or hereafter hold, portions of real property within Parcel 1.1, or any leasehold estate or building space thereon, and respective Tenants or subtenants thereof, and the officers, directors, managers, shareholders, constituent members, constituent partners, concessionaires, agents, employees, contractors, customers, visitors and licensees and invitees of any of them.

(n) The term "Person" shall mean any individual, general partnership, limited partnership, firm, limited liability limited partnership, association, corporation, limited liability company, trust or any other form of business or government entity.

(o) The term "Prohibited Uses" shall mean (a) a coin-operated computer game room, amusement center or video arcade (excluding any operation consisting of five (5) or fewer coin operated computer games or similar entertainment devices incidental to the primary operations of an Owner or Tenant), (b) a dance hall or dance studio in excess of 2,500 square feet; (c) a bowling alley, skating rink, movie theater, health spa; (d) an auditorium or other similar place of general assembly; (e) an indoor flea market; (f) a second-hand store (but this shall not prohibit the business of selling reconditioned merchandise together with new merchandise, such as, by way of example, the businesses currently conducted by "Play It Again Sports"); (g) a cemetery/crematorium; (h) a funeral home; (i) a facility for the sale of drug paraphernalia; (j) a massage parlor (but this shall not include a business providing incidental massage service, such as in a doctor's office, chiropractor's office, or beauty salon) or a facility for the sale or display of pornographic material (as determined by community standards for the area in which Parcel 1.1 is located); (k) an adult book store or adult video store (an adult video store shall be a video store which distributes, rents or otherwise disposes of adult video products, whether or not other products are also sold), provided that a national chain video store, such as Blockbuster Video or Hollywood Video, shall not be deemed to be an adult video store so long as no more than an incidental portion of its floor area (i.e., 5% or less) is used for the sale or lease of adult video products and such products are not advertised in the balance of the store); (l) an off-track betting parlor; (m) a junk yard; (n) a recycling facility; (o) a stockyard, warehouse or storage building; (p) a body and fender shop or a motor vehicle or boat storage facility (except a facility for the temporary display of a motor vehicle or boat in connection with an incidental promotion, raffle or the like); (q) residential, industrial or manufacturing uses; (r)

booths for the sale of fireworks; (s) laundromats; (t) churches, temples or other religious services; (u) a catering or banquet hall (but this shall not be deemed to prohibit a catering or banquet use within a restaurant); (v) a bingo parlor or any establishment conducting games of chance; (w) a pawn shop; (x) a tattoo parlor; (y) factory, or warehouse purposes (excluding any warehousing incidental to the operation of permitted retail uses); (z) any use not permitted by the municipal zoning classification of the applicable Parcel; (aa) any Prohibited Telecommunications Use; or (bb) any use which emits an obnoxious odor, noise or sound which can be smelled or heard outside of any Building in Parcel 1.1 or any other activity which may constitute a public or private nuisance.

(p) The term "Prohibited Telecommunications Use" means any use, action or activity that would provide, engage in or otherwise facilitate (or that would permit any other Person to provide, engage in or otherwise facilitate) any Telecommunications Services or otherwise build or operate any Telecommunications Facilities within Parcel 1.1; provided that nothing contained in this provision shall prohibit an Owner or its Permittees from installing (i) Telecommunications Facilities that only distribute Telecommunications Services within the Building on such Owner's Parcel to others occupying such Building (such as internal cabling or a computer network within a Permittee's premises), (ii) Telecommunications Facilities that are for the exclusive, private use of such Owner or Permittee (such as a satellite television antenna or dish, or an antenna or dish for the purpose of maintaining a connection to the internet or to an internal "intranet" serving such Owner and/or its affiliates), or (iii) Telecommunications Facilities that are otherwise approved by Developer, which approval Developer may grant or withhold in Developer's sole and absolute discretion.

(q) The term "Site Plan" shall mean that certain site plan attached hereto as Exhibit "B" and incorporated herein by this reference, and all amendments and modifications thereto. Developer hereby expressly reserves the right to amend or modify the Site Plan at any time, in its sole and absolute discretion, which amendment or modification may be adopted by Recording an appropriate instrument, subject only to ordinary approvals of the City of Scottsdale; provided that any such modification shall not, without the consent of all Owners materially or adversely affect the access to, the visibility of, the parking available to or the signage rights of any Parcel or Building.

(r) The term "Telecommunications Facilities" means (1) improvements, equipment and facilities for (i) telecommunications, (ii) transfer of audio, video and data signals, (iii) transfer of any other signals used for transmission of intelligence by electrical, light wave, wireless frequencies or radio frequencies, and (iv) any other methods of communication and information transfer, (2) all associated improvements, equipment and facilities, including but not limited to antennas, towers, broadcasting and receiving devices, conduits, junction boxes, wires, cables, fiber optics, and any other necessary or appropriate enclosures and connections, and (3) power generation facilities serving the improvements, equipment and facilities described in subparts (1) and (2) of this sentence. Developer intends that the term "Telecommunications Facilities" be interpreted broadly and to include (without limitation) facilities used for new technology that replaces the Telecommunications Facilities that are used when this Agreement is recorded.

(s) "Telecommunications Services" means installing, constructing, operating, maintaining, enhancing, creating, repairing, replacing, relocating and removing Telecommunications Facilities.

(t) The term "Tenant" shall mean any Person who occupies property located in Parcel 1.1 under any type of rental or letting arrangement.

2. Commercial District. Parcel 1.1 is hereby designated by Developer as a Commercial District, in accordance with Article VIII of the Council Declaration. Such Commercial District may be subject to one or more Commercial District Assessments levied by the Community Council with respect to certain Commercial District Expenses, including without limitation all costs associated with street fairs and other promotional activities within Parcel 1.1 Village. The amount of the levy for such expenses (if any) will be established by the Community Council in accordance with the terms of the Council Declaration, and the amount of the levy shall be assessed ratably against each owner of a Parcel in accordance with the number of Units allocated to such Parcel in accordance with the Declaration of Annexation.

3. Easements.

(a) Grant of Reciprocal Access and Parking Easement. Subject to any express conditions, limitations or reservations contained herein, Developer hereby declares, establishes and grants for the benefit of, and as an appurtenance to, each Parcel, a non-exclusive and perpetual easement for reasonable access, ingress and egress over the paved portions of the Common Area as presently or hereafter constructed, for the following purposes:

(1) ingress and egress of passenger motor vehicles and pedestrians between all paved portions of Parcel 1.1 and to and from Thompson Peak Parkway;

(2) parking of passenger motor vehicles within all designated parking areas (subject to the provisions of Paragraph 7(b) below); and

(3) ingress and egress of delivery and service trucks and vehicles to and from the Buildings and the public streets adjacent to Parcel 1.1, for the delivery of goods, wares, merchandise and the rendering of services to all Persons or other entities who may own or occupy portions of the Buildings. Each tenant or other occupant of Parcel 1.1 shall use commercially reasonable efforts to have deliveries made so as to cause the least amount of interference with the use of adjacent portions of the Common Area.

(b) Drainage Easement. Developer hereby reserves to itself and declares, establishes and grants for the benefit of, and as an appurtenance to, each Parcel, a non-exclusive and perpetual easement upon, over, above, under and across all Common Area for maintenance, repair, replacement and operation of surface and subsurface storm water drainage and retention facilities, and all related facilities and equipment, and for purposes of drainage, diversion, use and/or storage of storm water runoff generated from each Parcel, but only in a manner consistent with the grading, drainage and other plans for Parcel 1.1 approved by Developer and the City of Scottsdale.

(c) Public Utility Easements. Developer hereby reserves to itself and declares, establishes and grants for the benefit of, and as an appurtenance to, each Parcel, a non-exclusive and perpetual easement upon, over, above, under and across all Common Area for the installation, operation, maintenance, repair, replacement, relocation and removal of sanitary sewers, water and gas mains, electric power lines and conduits, telephone lines and conduits, television cables, vaults, manholes, meters, pipelines, valves, hydrants, sprinkler controls and related utility and service facilities serving any part of Parcel 1.1, all of which (except hydrants and transformers and other installations as may be requested by the utility company) shall be even with or below the surface of the Common Area. Each Owner shall cooperate in the granting of appropriate and proper easements within the Common Area to any governmental entity or utility company for utility facilities to serve the Parcel of any other Owner; provided, however, any installation, operation, maintenance, repair, replacement, relocation and removal of utilities on or under paved surfaces providing access to an Owner's Parcel shall be permitted only with the prior written consent of such Owner and Developer, which consent may be subject to reasonable conditions imposed by such Owner and Developer. All utility lines shall be underground except: (i) ground-mounted electrical transformers; (ii) as may be necessary during periods of construction, reconstruction, repair or temporary service; (iii) as may be required by governmental agencies having jurisdiction; (iv) as may be required by the provider of such services; and (v) fire hydrants, water meters, backflow prevention devices, pressure reduction valves, and the like. Notwithstanding anything to the contrary contained in this Supplemental Declaration, Developer hereby expressly prohibits any placement of above ground utility equipment within Parcel 1.1, including equipment specified in the preceding sentence, without the prior review and approval of the Covenant Commission, which approval may be granted or denied based on the aesthetic impact of such above ground utility facilities, and approval of any such application may, in the reasonable discretion of the Covenant Commission, be based on the number, appearance, location and proposed screening of such facilities. Any Owner installing improvements pursuant to the provisions of this Paragraph 3(c) shall pay all costs and expenses with respect thereto and shall cause all work in connection therewith (including general clean-up and proper surface and/or subsurface restoration) to be completed as quickly as possible and in a manner so as to minimize interference with use of the Common Area and all other portions of any affected Parcel, and shall not enter upon any Parcel not owned by such Owner without the prior written consent of the Owner on whose Parcel such activity is to take place, which consent shall not be unreasonably withheld.

(d) Grant of Temporary Easement for Maintenance, Remodeling and Repair. Developer hereby declares, establishes and grants for the benefit of, and as an appurtenance to, each Parcel, a non-exclusive and perpetual easement over, upon and across those portions of the Common Area adjacent to each Building hereafter constructed in Parcel 1.1, for the temporary use of such portions of the Common Area during periods of maintenance, remodeling or repair of such Building, including use for erection of ladders, scaffolding and store front barricades, use for ingress and egress for vehicles transporting construction materials and equipment, and use by such equipment; provided that (A) any such use may not be commenced except upon the prior written approval of Developer, which shall not be unreasonably withheld, but which may be made subject to the imposition of reasonable conditions, restrictions, guidelines and procedures, (B) such maintenance, remodeling or repair shall not unreasonably interfere with business being conducted in the remainder of Parcel 1.1, and (C) all such maintenance, remodeling and repair

shall be performed and completed in a commercially reasonable manner and all such ladders, scaffolding and barricades shall be promptly removed upon the completion of such work.

(e) Sign Easements. Developer shall have the right to designate areas within the Common Area within which it may install (and thereafter maintain, repair and replace) monument signs that serve Parcel 1.1, subject to applicable City of Scottsdale requirements, and to reserve such easements over such locations as Developer may deem appropriate (including access easements and easements for purposes of performing such maintenance, repair and replacement), without the consent of any Owner other than the Owner of the Parcel on which such easement is to be located; provided, however, that no such sign shall materially and adversely affect the access to, the visibility of, the parking available to or signage rights of any Parcel or Building.

(f) Common Area Tolls Prohibited. Except for the payment of Common Area Maintenance Expenses as hereinafter set forth, no charge, fee, toll, levy or expense shall ever be required, assessed or made of or received from any Person for the use of the Common Area as set forth herein.

(g) Grant of Self-Help Easement. The Community Council and each Owner shall have an easement to enter upon a Parcel pursuant to the provisions of Paragraph 13(b) below for the purpose of performing any obligation which the Owner of such Parcel (or its Permittee) is required to perform pursuant to this Supplemental Declaration but fails or refuses to perform within the applicable time period provided in Paragraph 13(b).

(h) No Barriers. Except as depicted on the Site Plan, all areas covered by the access easements described in Paragraphs 3(a) and 3(b) shall be paved and free of obstructions and shall meet at equal grade at the common boundary of the Parcels so as to permit the vehicular and pedestrian access, ingress and egress contemplated by this Supplemental Declaration; provided, that any Owner may construct or install on its Parcel curb stops and other reasonable traffic controls, including stop signs, directional barriers and parking stops, as may be necessary to guide and control the orderly flow of traffic, together with light standards, landscape areas, shopping cart storage areas, drainage and utility facilities, temporary barriers and fences in connection with permitted construction, maintenance, remodeling, repair or replacement of Buildings or improvements within Common Area as otherwise permitted in this Supplemental Declaration, or other barriers required by any governmental authority or to protect the safety of persons or property within Parcel 1.1, subject in all cases, however, to the prior approval of Developer and the Covenant Commission and subject to the requirement that access to and circulation within Common Area is not adversely affected in any material respect.

(i) Third Party Easements. No Owner may assign any of the easement rights granted under this Supplemental Declaration to any third party (other than a Tenant or a successor Owner) except with the express written consent of Developer and the Owner(s) of the burdened property, which either may withhold in its sole and absolute discretion.

(j) Reasonable Use of Easements. The easements established and granted herein shall be used and enjoyed by each Owner and its Permittees in such a manner as not to

unreasonably interfere with, obstruct or delay the conduct and operations of the business of any other Owner or its Permittees at any time conducted on its Parcel, including public access to and from said business, and deliveries in connection with said business.

(k) No Implied Easements. Nothing contained in this Supplemental Declaration shall be deemed to create any implied easements not otherwise expressly provided for herein.

(l) Indemnification. Each Owner having rights with respect to an easement granted hereunder (an "indemnifying Owner") shall indemnify, defend and hold harmless the Owner whose Parcel is subject to the easement (an "indemnified Owner") and such indemnified Owner's Permittees, for, from and against all losses, claims, demands, judgments, liabilities, damages, costs and expenses (including court costs and reasonable attorneys' fees and expenses) sustained by or threatened against the indemnified Owners relating to accidents, injuries, loss, damage or death of or to any person or property arising from or in any manner relating to the use by the indemnifying Owner or its Permittees of such easement, except for claims, liabilities and expenses (including reasonable attorneys' fees) resulting from the gross negligence or intentional misconduct of the indemnified Owner or such indemnified Owner's Permittees.

4. Construction and Modification of Improvements.

(a) General. No Building, structure or improvements of any kind shall be erected, placed or maintained on any portion of any Parcel except (i) within the limits of the Parcel, (ii) in accordance with all applicable governmental laws, ordinances, codes and regulations, and (iii) as approved by the Covenant Commission, and otherwise in accordance with the requirements of the Covenant, and any and all applicable design guidelines and/or construction guidelines adopted by the Covenant Commission from time to time with respect to commercial construction generally or with respect to construction within Parcel 1.1 specifically, as any of the foregoing may be amended from time to time. Without limiting the generality of the foregoing, (i) no temporary or permanent sign may be installed or displayed within Parcel 1.1 except in accordance with the sign program now or hereafter adopted by Developer with respect to Parcel 1.1, as same may be amended from time to time, and (ii) every Building (including its appurtenant Common Area improvements), now or in the future constructed on a Parcel, shall comply with all applicable building codes and governmental requirements, and shall be of first quality construction, in conformity with sound architectural and engineering standards.

(b) Common Area Alteration. Without limiting the provisions of Paragraph 4(a) above, no Owner or other Person shall alter any parking areas or other improvements located upon the Common Area without the prior written consent of both Developer and the Owner on whose Parcel such activity is to take place, which consent shall not be unreasonably withheld (subject to the provisions of Paragraph 4(c) below). The Person causing such alteration to be made shall promptly, upon completion thereof, restore any portion of the Common Area affected thereby to the same condition as existed prior to the commencement of the relevant installation or construction activities using the same type and quality of materials as previously used. Developer may make alterations in the Common Area as it shall reasonably deem appropriate or necessary, subject to securing the prior written consent of the Owner(s) of any

Parcel such activity is to take place. Any work performed in Parcel 1.1 pursuant to this subparagraph shall be performed so as to minimize the disruption of business operations conducted anywhere within Parcel 1.1. Any reconstruction, modification or relocation of the Common Area, or any portion thereof, shall be subject to the prior approval of the Covenant Commission, in accordance with the terms of the Covenant, and in any case shall be done in a manner and with materials consistent with or superior to the original installation thereof.

(c) Conflict with the Covenant. In the event of any conflict between the terms of this Supplemental Declaration and the terms of the Covenant, the terms of the Covenant shall control, it being understood that any and all powers granted in this Supplemental Declaration with respect to design, architecture and development issues addressed in the Covenant are subordinate to the Covenant and the Covenant Commission.

(d) Signs. No Owner may apply for a new sign ordinance, an amended sign ordinance or a sign permit pertaining to any portion of Parcel 1.1 (or any improvement located within Parcel 1.1) without the prior express written consent of Developer.

5. Maintenance of Buildings. Each Owner covenants to maintain, at its sole cost and expense, the Building(s) located from time to time on its respective Parcel in first class order, condition and repair, in accordance with the Community-Wide Standard (as defined in the Council Declaration) and all other requirements of the Governing Documents (as defined in the Council Declaration), and in accordance with all applicable governmental laws, ordinances, codes and regulations. Once constructed, in the event of any damage to, destruction of or deterioration (beyond ordinary wear and tear) of a Building or other improvement on any Parcel, the Owner of such Parcel shall, at its sole cost and expense, commence promptly and proceed diligently to either (a) repair, restore and rebuild such Building or other improvement to its condition prior to such damage or destruction (or with such changes as shall not conflict with this Supplemental Declaration), or (b) tear down and remove all portions of such damaged or destroyed Building or other improvement then remaining, including the debris resulting therefrom, and otherwise clean and restore the area affected by such casualty to a level, graded condition; provided, however, nothing contained in this Paragraph 5 shall be deemed to allow an Owner to avoid a more stringent obligation for repair, restoration and rebuilding contained in a lease or other written agreement between an Owner and such Owner's Permittee or lender.

6. Maintenance of Common Area.

(a) Except as otherwise provided herein, Declarant shall at all times during the term hereof operate, insure, maintain, repair and replace all Common Area (expressly including all improvements located on all Common Area) located on Parcel 1.1 in first class order, condition and repair, in accordance with the Community-Wide Standard and all other requirements of the Governing Documents, and in accordance with all applicable governmental laws, ordinances, codes and regulations, including the following repairs or services with respect to the Common Areas:

(1) Maintaining, repairing, replacing and resurfacing of walks, drives and parking areas;

(2) Keeping the surface of the Common Area in a smooth and evenly covered condition with the type of surfacing material originally installed or such substitute as shall, in all respects, be equal in quality, use and durability;

(3) Cleaning, painting, striping, disposal of rubbish and debris, removal of soil and stone washed into the Common Area drainage facilities and all other tasks necessary to maintain the Common Areas in a first class, clean, safe and orderly condition;

(4) Maintenance of all curbs, parking dividers, landscape enclosures, fences and retaining walls in good condition and repair;

(5) Placing, maintaining, keeping in repair and replacing any necessary and appropriate directional signs, markers and lines and keeping in repair and replacing when necessary such artificial lighting facilities and lighting fixtures as shall be reasonably required;

(6) Maintenance of all landscaped areas, making such replacements of shrubs and other landscaping as is necessary, and keeping such landscaped areas at all times adequately weeded, fertilized and watered;

(7) Security service, to the extent Developer reasonably deems the same to be necessary or advisable;

(8) Subject to the provisions of Paragraph 8 below, illumination of the Common Area until 11:00 p.m.;

(9) Maintenance of all utility lines within Parcel 1.1 that are not the responsibility of the utility company;

(10) Performing any and all such other duties as are necessary to maintain the Common Area in a clean, safe and orderly condition; and

(11) All maintenance required pursuant to the terms of the Access Easement and Cost Sharing Agreement.

In performing the duties of Developer hereunder, Developer may utilize such agents and independent contractors (including management companies) as Developer may designate.

(b) Common Area Liability Insurance. As part of the operation of the Common Area, Developer shall obtain and maintain general public liability insurance insuring all Owners and such other Persons who now or hereafter hold portions of Parcel 1.1 or any leasehold estate or other interest therein, as their respective interests may appear, against all claims for personal injury, death or property damage occurring in, upon or about the Common Area. Such insurance shall be written with an insurer licensed to do business in the State of Arizona. The limits of liability of all such insurance shall be at least Three Million Dollars ($3,000,000.00) combined single limit, and may be increased by Developer in its discretion from time to time. Developer shall cause to be issued certificates of insurance to each of the Owners

and have such certificates provide that such insurance shall not be cancelled or amended without ten (10) days prior written notice to each of the Owners.

(c) Proportionate Share of Common Area Expenses. Each Owner shall pay to Developer such Owner's proportionate share (determined pursuant to Paragraph 6(f) below) of Common Area Maintenance Expenses. For the Partial Year and during the First Year, until the month following the delivery of the Statement referred to in Paragraph 6(d) below, each Owner shall pay to Developer, on or before the first day of each calendar month, its proportionate share of an estimate of the Common Area Maintenance Expenses for the Partial Year, which estimate shall be reasonably established by Developer

(d) Partial Year Expenses. On or before December 15 of each calendar year beginning with the Partial Year, Developer shall furnish each Owner with an estimate (the "Estimate") showing in reasonable detail the total Common Area Maintenance Expenses reasonably anticipated by Developer for the upcoming calendar year. Commencing with the first day of the calendar month beginning after the Estimate is furnished (but not before January 1 of such upcoming calendar year), each Owner shall pay to Developer on or before the first day of each calendar month an amount equal to one-twelfth (1/12) of such Owner's proportionate share of the total Common Area Maintenance Expenses set forth in the estimate. On or before April 15 of each calendar year beginning with the year after the First Year, Developer shall furnish each Owner with a statement (the "Statement") showing in reasonable detail the total actual Common Area Maintenance Expenses for the preceding calendar year. If Developer fails to timely furnish a Statement, such failure shall not constitute a default hereunder or a waiver of Developer's right to receive payment from any Owner, except that Developer shall be deemed to have waived its right to receive payment as to any Common Area Maintenance Expenses that are not set forth in a Statement delivered to the Owners within three (3) years after the date upon which they were incurred. If Developer fails to timely furnish an Estimate, such failure shall not constitute a default hereunder or a waiver of Developer's right to receive payment from any Owner, but until such Estimate is provided, the Owners shall make monthly payments in the amount required for the prior calendar year.

(e) Full Year Expenses. Following the end of the First Year and each subsequent full calendar year and each Owner's receipt of a Statement of the total Common Area Maintenance Expenses for such year, the amounts due from each Owner as its proportionate share of the Common Area Maintenance Expenses for the Partial Year or full calendar year shall be adjusted between Developer and each Owner. If any Owner's proportionate share of the total Common Area Maintenance Expenses for any full calendar year exceeds the amount prepaid by such Owner, such Owner shall pay to Developer such excess within thirty (30) days following the date of the relevant Statement. If any Owner's proportionate share of the total Common Area Maintenance Expenses for the Partial Year or full calendar year is less than the amount prepaid by such Owner, the amount of excess prepayment by such Owner shall be credited against such Owner's subsequent monthly payment obligations until such excess is exhausted.

(f) Determination of Proportionate Share. Each Owner shall pay, as its proportionate share of Common Area Maintenance Expenses, that amount determined by multiplying the amount of such Common Area Maintenance Expenses by a percentage based on

the ratio that the gross square footage of the Floor Area of the Building(s) within such Owner's Parcel bears to the total the gross square footage of the Floor Area of all Building(s) within the entire Parcel 1.1 Village Parcel.

(g) Owners' Duty to Maintain Common Area. If any period of time exists when no Person is performing the duties of Developer, each Owner shall have the obligation to maintain its Parcel(s) (including Common Area located within such Parcel(s)) in a manner consistent with the provisions of this Declaration. If any such Owner shall fail to so maintain its own Parcel, then any other Owner or Tenant of an Owner shall have the right to give the defaulting Owner written notice of such default specifying in reasonable detail the nature of the default. The Owner receiving such a notice shall have a period of thirty (30) days in which to cure such default, or, if the nature of the default is such that it cannot be reasonably cured within such thirty (30) day period, the Owner shall commence to cure said default within such thirty (30) day period and pursue the curing of such default to completion using commercially reasonable efforts. If the defaulting Owner does not cure such default within said thirty (30) day period (or, if applicable, commence to cure such default within said thirty (30) day period and pursue the curing of such default to completion using commercially reasonable efforts), then the Owner(s) and/or Tenant(s) giving the notice of default may undertake such cure and the curing Owner(s) or Tenant(s) may then bill the defaulting Owner for the expense incurred. If the defaulting Owner shall not pay such bill within fifteen (15) days, then the curing Owner or Tenant shall have a lien on the property of the defaulting Owner for the amount of such bill, which amount shall bear interest at the rate provided in Paragraph 13(e) below and which lien may be foreclosed as provided in Paragraph 13(f) below.

(h) Rules and Regulations. Developer may promulgate reasonable rules and regulations of general application for the supervision, control and use of the Common Area, and may thereafter reasonably amend such rules and regulations from time to time. If Developer promulgates such rules and regulations, then Developer shall use commercially reasonable efforts to enforce the same or cause the same to be enforced in a reasonably uniform manner.

(i) Damage to Common Area. In the event of damage to or destruction of the Common Area, Developer shall restore, repair and rebuild the Common Area to its former condition to the extent reasonably practicable. If an Owner or any Permittee of an Owner shall have been the cause of the damage or destruction, then Developer shall assess such Owner for the entire uninsured cost thereof, if any. In all other cases, all uninsured costs and expenses of such restoration, repair and rebuilding, if any, shall be shared by all Owners in the same proportions and in the same manner as Common Area Maintenance Expenses are shared pursuant to this Paragraph 6 and payment thereof shall be in addition to the payment of Common Area Maintenance Expenses.

(j) Common Area Maintenance Fee. Each Owner shall pay to Developer a fee for each calendar year equal to fifteen percent (15%) of the total dollar amount of such Owner's proportionate share of Common Area Maintenance Expenses for such calendar year. For example, if an Owner's proportionate share of Common Area Maintenance Expenses for a calendar year is Five Thousand Dollars ($5,000.00), then the fee payable by such Owner to Developer for such calendar year shall be Seven Hundred Fifty Dollars ($750.00).

(k) Maintenance of Unimproved Parcels. The Owner of any Parcel that is partially or entirely unimproved shall keep all unimproved areas within such Parcel well maintained at all times, including removal of trash and weeds, as necessary to keep the Parcel in a clean condition, free of litter or debris. Each Owner of any Parcel that is partially or entirely unimproved shall have the right to pave such Parcel or to cover such Parcel with decomposed granite, but such action shall not relieve such Owner from the obligations under the immediately preceding sentence.

7. Parking.

(a) Parking Ratios.

(1) Parcel 1.1 shall have a total of at least four (4) parking stalls for each one thousand (1,000) square feet of Floor Area within the the Buildings located within Parcel 1.1. Without limiting any other provision of this Supplemental Declaration, if the use of any Parcel (or portion of a Parcel) changes at any time in a manner that would require additional parking beyond that shown in the Site Plan, the Owner of such Parcel shall be solely responsible for satisfying such additional parking requirement.

(b) Reservation of Parking Control. Developer reserves to itself the unqualified right (a) to construct or permit the construction of one or more multi-level underground or aboveground parking facilities within the Common Area, (b) to designate any parking spaces in Parcel 1.1 as restricted to temporary parking for specified time limits, and (c) otherwise to adopt rules and regulations pertaining to parking within Parcel 1.1, as Developer deems necessary or desirable in the Developer's sole and absolute discretion.

8. Common Area and Store Lighting.

(a) General Requirements. Developer shall cause the Common Area to be fully lighted daily, from dusk until 11:00 p.m. (the Closing Time").

(b) Additional Lighting. If one or more Owners or Tenants wish to be open for business later than 9:00 p.m. (each, a "Late Night User"), and wish to have the Common Area illuminated beyond the hours described in Paragraph 8(a) above, any Late Night User shall have the right, at any time and from time to time, to require that Developer keep the lights in the Common Area illuminated until such later hours as the Late Night User shall designate by notice to Developer. If there is only one Late Night User, then such Late Night User shall pay 100% of the costs (the "Late Night Lighting Costs") of electric power for the extra hours of illumination. If there are multiple Late Night Users, then the Late Night Lighting Costs shall be equitably allocated among such Late Night Users, as reasonably determined by Developer, based on the relative Floor Area owned or occupied by each Late Night User, and their respective hours of operation beyond the Closing Time. From time to time upon the request of any Late Night User, Developer shall furnish such Late Night User with such reasonable supporting information as such Late Night User may reasonably require in order to verify Developer's manner of calculating the Late Night Lighting Costs, and the allocation of such Late Night Lighting Costs among the Late Night Users. Any request by a Late Night User for additional lighting may be

withdrawn or terminated at any time, and a new request or a request for different hours of illumination may be made, by notice to Developer.

(c) Store Lighting. Each Owner shall cause the front one-third of the interior of each retail business in Parcel 1.1 to be fully lighted daily from dusk until Closing Time.

9. Use Restrictions. In addition to all use restrictions set forth in the Council Declaration, the following restrictions shall apply to Parcel 1.1 and every portion thereof:

(a) General. Each Parcel shall be used for lawful purposes in conformance with all restrictions imposed by all applicable governmental laws, ordinances, codes and regulations, and no illegal use or operation shall be made, conducted or permitted on or with respect to all or any portion of a Parcel. In addition to the foregoing, no Owner shall use or permit all or any portion of its Parcel to be used for any Prohibited Use. No Parcel shall be used in any manner so as to create or constitute a nuisance, and no Owner shall permit the accumulation on its Parcel of unsightly trash or debris.

(b) Hazardous Materials. No Owner shall use or permit the use of Hazardous Materials on, about, under or in its Parcel or elsewhere in Parcel 1.1 Village except in the ordinary course of its usual business operations conducted thereon and any such use shall at all times be in compliance with all Environmental Laws. Each Owner agrees to indemnify, defend and hold harmless each other Owner and its Permittees for, from and against all claims or demands, including any action or proceeding brought thereon, and all costs, losses, expenses and liabilities of any kind relating thereto, including costs of investigation, remedial response and reasonable attorneys' fees and cost of suit, arising out of or resulting from any Hazardous Material used or permitted to be used by such Owner whether or not in the ordinary course of business. For the purposes of this Paragraph 9(b), (i) the term "Hazardous Material" shall mean any hazardous, flammable, explosive, radioactive, corrosive or toxic chemical, material or substance, including without limitation any chemical, material or substance that is defined or classified as (i) a "hazardous waste" under the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, et seq., (ii) a "hazardous substance" under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601, et seq., (iii) a "hazardous material" under the Hazardous Materials Transportation Act, 49 U.S.C. app. §§ 1801, et seq., (iv) a "hazardous substance" under Chapter 2 of the Arizona Environmental Quality Act, 49 A.R.S. §§ 201, et seq., (v) asbestos or any material containing asbestos (as the term asbestos is defined in 20 U.S.C. § 3610(1), and any successor statute), (vi) "petroleum" under Chapter 6 of the Arizona Environmental Quality Act, A.R.S. §§ 1001 et seq., or as so defined or classified under any regulations, rules or other legal requirements adopted, enacted or promulgated in accordance with any of the foregoing acts, as any of the foregoing acts, rules, regulations or other legal requirements may be amended or recodified from time to time, and (ii) the term "Environmental Laws" shall mean any and all federal, state, county, municipal, local or other statutes, laws, ordinances, regulations, rules, orders or license or permit conditions concerning human health or the environment, including those concerning Hazardous Materials or the use, storage, generation, manufacture, treatment, release, disposal or transportation thereof, whether currently in effect or hereafter enacted, issued, adopted or promulgated, and as amended or recodified from time to time.

(c) Outside Sales. Subject to applicable governmental restrictions, and only with the prior written consent of Developer, an Owner or Tenant may use Common Area sidewalks for the purpose of conducting sales of merchandise so long as (i) such sales do not impair pedestrian access along sidewalks; (ii) such sales do not impede vehicular or pedestrian traffic flow within Parcel 1.1 Village ; and (iii) such sales do not encroach upon the sidewalks directly in front of the storefront of any other occupant of Parcel 1.1. Any Person conducting such a sale shall (A) clean and maintain that portion of the Common Area used by such Person for such purposes during and promptly following each sale; (B) promptly repair any damage to any portion of the Common Area used by such Person caused by such use; and (C) cause payments for merchandise to be made from inside such Person's premises.

(d) Trade Names. The names "DC Ranch", "Silverleaf" and "Parcel 1.1 Village", and all similar or derivative names, along with all associated trademarks entity names, domain names, and logos, are the proprietary federal and state registered trade names and service marks of Developer or an affiliate of Developer. No Person shall use such trade names, entity names, or service marks regardless of their ownership of a Parcel for advertising or any other purpose in any promotional material, whether printed, audio, video, or otherwise, in any signage, or in any logo or depiction without the prior written consent of the Person who owns such mark. In addition, any name or logo to be used in connection with or displayed on or within any building, and any sales, rental, or other materials or documentation related to the use of the building, shall be subject to the Developer's prior written consent and shall not contain copyrighted information from the Developer's website or its logos in such sales materials. Such approval may be given or withheld in Developer's discretion and may be subject to such terms and conditions as Developer deems appropriate. Developer hereby reserves all right, title and interest in and to the names "DC Ranch", "Parcel 1.1 Village at DC Ranch" and "Silverleaf" for the uses set forth in this Declaration and any other use as Developer may choose. Each Owner shall execute and deliver to Developer such consents, approvals, confirmations, acknowledgments and other documents as Developer may request to evidence and confirm the rights and interests of Developer in the names "DC Ranch", "Parcel 1.1 Village at DC Ranch" and "Silverleaf".

10. Insurance.

(a) Each Owner agrees to carry, and to cause each of its Tenants to carry, commercial general liability insurance insuring against claims for bodily injury, personal injury, death or property damage (including contractual liability arising under the indemnity contained in Paragraph 3(l) above), occurring on or about such Owner's Parcel and/or the easement areas which are subject to use and enjoyment by such Owner and its Permittees hereunder, with combined single limit coverage of not less Two Million Dollars ($2,000,000.00) per occurrence. Each policy of commercial general liability insurance shall name Developer as an additional insured (ISO endorsement 20-26) and shall contain a contractual liability endorsement waiving the contractual liability exclusion for personal injury. Any insurance required under this Supplemental Declaration may be brought within the coverage of so-called blanket or master policies of insurance, provided that such blanket or master policies contain a so-called per project aggregate endorsement preventing the coverages required hereunder from being reduced or diminished by reason of the use of such policies. Each policy of commercial general liability

insurance maintained by an Owner (and its Tenant(s)) shall name the other Owner(s) as additional insured(s), provided that the Owner (and its Tenant(s)) obtaining such insurance has been supplied with the name(s) of the other Owner(s) and Tenant(s) in the event of a change therein. Such policies of insurance shall be primary and not contributing with any policy or policies of insurance maintained by any other Owner or its Permittees and shall be issued by an insurance company authorized to do business in the State of Arizona having a rating in Bests Insurance Guide of A- VII or better.

(b) At its own expense, each Owner shall continuously maintain or cause to be maintained a broad-form policy or policies of commercial property insurance, either with a so-called "special causes of loss" (formerly known as "all-risk") form or on standard fire insurance forms with extended coverage including vandalism and malicious mischief endorsements, in either case insuring against loss, damage and destruction of all Buildings, and all other improvements (other than Common Area improvements) on such Owner's Parcel. In addition, Developer shall continuously maintain or cause to be maintained a broad form policy or policies of commercial property insurance either with a so-called "special causes of loss" form or on standard fire insurance forms with extended coverage including vandalism and malicious mischief endorsements, in either case insuring against loss, damage and destruction of Common Area improvements. Such insurance shall be in the amount of at least 100% of the replacement cost of the insured improvements, and shall include an agreed amount endorsement waiving any coinsurance provisions.

(c) Any Owner having a net worth in excess of $100,000,000 may self-insure. By self-insuring, an Owner shall be deemed to have agreed to make payment in the event of loss at such times, in such amounts, and to such Person(s) as would an insurance company authorized to do business in the State of Arizona having a rating in Bests Insurance Guide of A- VII or better, it being the intention in permitting self-insurance hereunder that the same be equivalent to the third-party insurance coverage otherwise required under this Paragraph 10. In no event, however, shall the scope of any self-insurance be deemed to be greater than the scope of the third-party insurance coverage otherwise required under this Paragraph 10. The election by an Owner to self-insure shall not reduce or diminish the indemnification to which such Owner would otherwise be entitled under this Supplemental Declaration.

(d) Upon reasonable request an Owner shall furnish to any requesting Owner certificates of insurance (Accord Form No. 27, March 1993, or its equivalent) or other reasonable evidence indicating that insurance meeting the requirements hereof has been obtained and is in full force and effect, or in the case of self-insurance, reasonable evidence substantiating a net worth in excess of $100,000,000.00 (e.g., audited financial statements prepared by a reputable national accounting firm in accordance with generally accepted accounting principles, consistently applied, or if such Owner is publicly traded on a national securities exchange, current SEC reports, filings or annual report).

(e) Developer may adjust the amount of the foregoing insurance coverage and the amount of tangible net worth required to permit self-insurance in accordance with the foregoing, not more frequently than once every three (3) years to be consistent with insurance

coverage and self insurance levels then being maintained or required by prudent owners of institutional grade shopping centers in the Phoenix, Arizona metropolitan area.

(f) All monetary amounts provided this Paragraph 10 and in Paragraph 6(b) above shall be automatically adjusted on January 1 of the sixth (6th) calendar year following the date of this Supplemental Declaration, and thereafter at five (5) year intervals, in each case by multiplying the dollar amount to be adjusted by a fraction, the numerator of which is the Current Index Number and the denominator of which is the Base Index Number. The term "Base Index Number" means the level of the Index for the calendar month during which this Supplemental Declaration is dated; the term "Current Index Number" means the level of the Index for the same calendar month during the year preceding the adjustment year; the term "Index" means the Consumer Price Index for all urban consumers, U.S. City Average, published by the United States Department of Commerce (base year 1982-84 = 100), or any successor index thereto as hereinafter provided. If publication of the Index is discontinued, or if the basis of calculating the Index is materially changed, then Developer shall substitute for the Index comparable statistics as computed by an agency of the United States Government or, if none, by a substantial and responsible periodical or publication of recognized authority most closely approximating the result which would have been achieved by the Index.

11. Taxes and Assessments.

(a) Separate Assessment. Each Owner shall cause its Parcel to be separately assessed as one or more separate parcels by all local taxing authorities for real estate tax purposes.

(b) Payment of Taxes. Each Owner shall pay, prior to delinquency, all taxes, assessments, or charges of any type levied or made by any governmental body or agency with respect to its Parcel and the improvements thereon (collectively, "Taxes"). If an Owner fails to make a payment of any Taxes and such failure could result in a lien on any other Parcel or improvements in Parcel 1.1 or adversely affect any right of an Owner under this Agreement, any non-defaulting Owner may make such payment on behalf of the defaulting Owner and recover from the defaulting Owner the amount so paid together with interest thereon at the rate specified in Paragraph 13(e) below.

(c) Prior to Separate Tax Bills. Notwithstanding the foregoing, until such time as separate tax bills are obtained for each of the Parcels, each Owner shall pay or cause to be paid its proportionate share of Taxes levied against the larger tax parcel of which such Owner's Parcel is a part, pursuant to this subparagraph. Each Owner's share of such Taxes shall be based on the gross acreage of the Owner's Parcel relative to the total gross acreage within the applicable tax parcel(s); provided, however, that an Owner's share shall not include any share of any Taxes allocated to improvements that are not located on the Owner's Parcel. If this subparagraph applies, each Owner shall pay to Developer such Owner's share of such Taxes at least ten (10) business days prior to delinquency, and, provided that each such Owner has done so, Developer shall pay all Taxes affecting the relevant Parcels prior to delinquency. If an Owner fails to pay its share on a timely basis, then Developer may (but shall not be obligated to) pay such Owner's share on such Owner's behalf, in which case such Owner shall reimburse

Developer on demand for such Owner's share of such Taxes, together with interest thereon at the rate specified in Paragraph 13(e) below. The foregoing process shall be repeated until the relevant Parcels are assessed as separate tax parcels. Each Owner shall indemnify, defend and hold harmless Developer and the other Owners for, from and against any costs, expenses or damages suffered or incurred by Developer or the other Owners as a result of the indemnifying Owner's failure to comply with its obligation to pay Taxes as and to the extent set forth in this Paragraph 11.

12. No Rights in Public. Nothing contained herein shall be construed as creating any rights in the general public or as dedicating for public use any portion of Parcel 1.1.

13. Remedies.

(a) All Available Remedies. In the event of a breach by any Owner or its Permittees of any of the terms or provisions hereof, Developer and any other Owner shall be entitled to full and adequate relief by injunction and/or all such other legal and equitable remedies from the consequences of such breach as may be available at law or in equity, including payment of any amounts due and/or specific performance.

(b) Self-Help. In addition to all other remedies available at law or in equity, upon the failure of a defaulting Owner to cure a breach of this Supplemental Declaration by such Owner or its Permittees within thirty (30) days following written notice thereof by another Owner or Developer or the Community Council (or, if such breach is of a nature that can be cured but cannot reasonably be cured within such thirty (30) day period, the defaulting Owner commences such cure within such thirty (30) day period and thereafter prosecutes such cure to completion using commercially reasonable efforts), any nondefaulting Owner or Developer or the Community Council shall have the right to enter upon such Owner's Parcel (to the extent reasonably necessary) and perform the breached obligation on behalf of such defaulting Owner and be reimbursed by such defaulting Owner upon demand for the reasonable costs thereof, together interest at the rate specified in Paragraph 13(e) below. 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 all property of the defaulting Owner within the Community, in the amount of such costs, which assessment shall be immediately due and payable upon delivery of notice of such assessment to such Owner. Notwithstanding the foregoing, if the nature of the breach of this Supplemental Declaration presents an immediate risk of damage to property, injury to persons, interruption of utility service or loss, obstruction or blockage of access, the prior notice requirement of this paragraph shall not apply, and Developer or the Community Council or such nondefaulting Owner shall be authorized to take immediate steps to minimize or eliminate such risk, and be reimbursed for the reasonable costs thereof and administrative fee as aforesaid. In such event, notice of such action shall be given to the defaulting Owner as soon as reasonably practicable under the circumstances.

(c) Remedies Cumulative. The remedies specified herein shall be cumulative and in addition to all other remedies permitted at law or in equity.

(d) No Termination for Breach. Notwithstanding anything to the contrary herein contained, no breach hereunder shall entitle any Owner to cancel, rescind, or otherwise terminate this Supplemental Declaration.

(e) Interest. If at any time an Owner fails to pay any sum payable under this Supplemental Declaration to another Owner, to Developer or to any other Person within ten (10) days of the date when such payment is due, such delinquent Owner shall pay interest on such amount from the due date to and including the date such payment is received by the Person entitled thereto at the lesser of (a) the highest rate permitted by law to be paid on such type of obligation by the Person obligated to make such payment or the Person to whom such payment is due, whichever is less, or (b) fifteen percent (15%) per annum.

(f) Assessment Lien.

(1) Procedure. If any assessment or other sum of money payable by any Owner pursuant to any provision of this Supplemental Declaration to any Person is not paid when due, after expiration of any applicable grace period set forth herein, then the Person to whom such sums are owing shall have the right to record, in the office of the County Recorder, Maricopa County, Arizona, a Notice of Assessment Lien which shall set forth (a) the name of the lien claimant, (b) a reasonably detailed statement concerning the basis for the claim of lien, citing the relevant provision(s) of this Supplemental Declaration, and reciting the date and recording information for this Supplemental Declaration, (c) an identification of the Owner or purported Owner of the Parcel or interest therein against which the lien is claimed, and (d) a description of the Parcel(s) against which the lien is claimed. The notice shall be duly acknowledged and contain a certificate that Notice of Assessment Lien, including a copy thereof, has been given to the Owner against whom the lien is claimed in accordance with the provisions of Paragraph 15(a) below. Upon recordation of such Notice of Assessment Lien, the then delinquent amount owing by such Owner (including interest, if applicable) shall constitute an Assessment Lien upon the Parcel(s) described in the Notice of Assessment Lien. If the amount secured by such Assessment Lien is not paid in full within thirty (30) days after such Notice of Assessment Lien has been recorded, the Person to whom such amounts are owing may foreclose the Assessment Lien against the property of the Owner in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency), without thereby waiving any other right or remedy that may be available to such Person.

(2) Personal Obligation. Each Assessment or amount due pursuant to any provision of this Supplemental Declaration by an Owner (including interest, if applicable, costs and attorneys' fees), shall be the personal obligation of such defaulting Owner, but such personal obligation of such Owner shall not be deemed to discharge or limit the charge on the land of any Assessment Lien encumbering the property of such Owner within Parcel 1.1, regardless of a subsequent conveyance of that property. No Owner shall escape liability for payment of any amount due hereunder which fell due while he was the Owner by nonuse of the Common Area or by transfer or abandonment of such Owner's property. If any property within Parcel 1.1 as to which a Notice of Assessment Lien has been recorded, pursuant to this Paragraph 13(f), is sold, conveyed or otherwise transferred, in whole or in part, by the Owner thereof, such

property shall remain subject and subordinate to the Assessment Lien created by reason of the delinquency described in the Notice of Assessment Lien.

(3) Priority. The Assessment Lien provided for above shall be superior to any and all other charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon such Parcel; provided, however, that such Assessment Lien shall be subject and subordinate to: (a) liens for taxes and other public charges which by applicable law are expressly made superior; (b) any mortgages or deeds of trust recorded in the office of the County Recorder, Maricopa County, Arizona (and such other place as may be required or permitted by law), prior to the date of recordation of a Notice of Assessment Lien (all liens recorded subsequent to the recordation of a Notice of Assessment Liens being junior and subordinate to such Assessment Lien); and (c) the rights of any and all tenants occupying any portion of the Parcel(s) affected by such Assessment Lien under written leases. If an Owner shall be delinquent in paying any amounts due hereunder and, as a result thereof, a Notice of Assessment Lien shall be recorded as provided herein, the Person recording such Notice of Assessment Lien may record subsequent Notices of Assessment Lien as to any amounts owing by such Owner to such Person which become delinquent after the recordation of the first such Notice of Assessment Lien, and the priority of the Assessment Lien as to any such amounts thereafter becoming delinquent shall be fixed as of the date of recordation of the first such Notice of Assessment Lien. A Person may prosecute a single Assessment Lien foreclosure action as to amounts delinquent at the time a Notice of Assessment Lien is recorded and as to amounts thereafter becoming delinquent, up to and including the time a final judgment is rendered in such action.

(4) Cure. Upon the curing of any default for which a Notice of Assessment Lien was recorded (including payment by the defaulting Owner of all costs of preparing and recording such release, and all other costs, including, without limitation, legal fees and court costs, interest or fees, incurred by the Person recording the Notice of Assessment Lien), the Person recording such Notice of Assessment Lien shall record an appropriate release of such Notice of Assessment Lien.

14. Term. The covenants, conditions and restrictions contained in this Supplemental Declaration shall be effective commencing on the date this Supplemental Declaration is recorded, and shall remain in full force and effect for so long as the Council Declaration remains in effect. Notwithstanding the foregoing, the termination of this Supplemental Declaration or the Council Declaration shall not cause a termination of any perpetual easement granted under this Supplemental Declaration.

15. Airport Notification. Each Owner, by taking title to a Parcel, acknowledges (for such Owner and such Owner's Permittees) that: (a) Parcel 1.1 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 (including

military aircraft from time to time); (c) aircraft taking off from and landing at the Airport may fly over Parcel 1.1 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 Parcel 1.1 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 Owner (for such Owner and its Permittees) 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 and hereby waives and releases any claim relating to or arising out of any of 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., and (iv) Developer, and their respective direct and indirect owners, and the respective directors, officers, partners, agents, employees, managers, trustees, trust beneficiaries, and any successors or assigns of any of the foregoing.

16. Miscellaneous.

(a) Notices. Any notice to be given hereunder shall be given in writing and delivered in person, or by reputable nationwide overnight courier (e.g., Federal Express), or forwarded by certified or registered mail, postage prepaid, return receipt requested, at the address indicated below, unless the party giving such notice has been notified, in writing of a change of address:

Developer: DC Ranch L.L.C.
7600 E. Doubletree Ranch Road
Suite 300
Phoenix, Arizona 85252
Attention: General Counsel

With a copy to: Biskind, Hunt & McTee, P.L.C.
11201 North Tatum Boulevard
Suite 330
Phoenix, Arizona 85028
Attention: Gordon E. Hunt, Esq.

To any Owner: To the address for such Owner maintained by the Community Council

Upon request, the Community Council shall provide to any Owner the address maintained by the Community Council for all other Owners. Any such notice shall be deemed effective on the date on which such notice is delivered, if notice is given by personal delivery or overnight courier, or if notice is sent through the United States mail, on the date of actual delivery as shown on the addressee's receipt (or the date such delivery is refused in the event of a refusal to accept delivery) or upon the expiration of two (2) business days following the date of mailing, whichever first occurs.

(b) Attorneys' Fees. In the event of any legal action or proceeding for the enforcement of any right or obligation herein contained, the prevailing party shall be entitled to recover from the unsuccessful party its costs and reasonably attorneys' fees incurred in the preparation and prosecution of such action or proceeding.

(c) Amendment. This Supplemental Declaration may be amended either (i) in the same manner as the Council Declaration may be amended in accordance with the provisions of the Council Declaration, or (ii) in any respect whatsoever with the consent of the Developer and the Owner of any affected Parcel.

(d) Consents. Whenever in this Supplemental Declaration the consent or approval of an Owner or Developer is required, unless otherwise expressly provided herein, such consent or approval shall not be unreasonably withheld or delayed. Any request for consent or approval shall: (a) be in writing; (b) specify the paragraph hereof which requires that such consent or approval be obtained; and (c) be accompanied by such background information as is reasonably necessary to make an informed decision thereon. If an Owner whose approval or consent is sought pursuant to the immediately preceding sentence fails to respond within the applicable time period, such Owner shall be deemed to have approved of, or consented to, the matter in question.

(e) No Waiver. No waiver of any default of any obligation by Developer or any Owner hereto shall be implied from any omission by any other Person to take any action with respect to such default.

(f) No Agency. Nothing in this Supplemental Declaration shall be deemed or construed by any Person to create the relationship of principal and agent or of limited or general partners or of joint venturers or of any other association between Developer and any Owner, or between any Owners.

(g) Covenants to Run with Land. It is intended that each of the easements, covenants, conditions, restrictions, rights and obligations set forth herein shall run with the land and create equitable servitudes in favor of the real property benefitted thereby, shall bind every Person having any fee, leasehold or other interest therein and shall inure to the benefit of the respective parties and their successors, assigns, heirs, and personal representatives. However, no

easement, covenant, condition, restriction or other right or benefit accruing hereunder in favor of any Parcel shall be assignable, transferrable or otherwise delegable to or for the benefit of any real property that is not a Parcel hereunder (for example, the Owner of a Parcel shall have no right to assign the easement for vehicular access over the Common Area arising under Paragraph 3(a) above in favor of an owner of real property not within Parcel 1.1).

(h) Grantee's Acceptance. The grantee of any Parcel or any portion thereof, by acceptance of a deed or other instrument conveying title thereto or the execution of a contract for the purchase thereof, whether from Developer or from a subsequent Owner of such Parcel, shall accept such deed or contract upon and subject to each and all of the easements, covenants, conditions, restrictions and obligations contained herein. By acceptance of any such deed or other instrument of conveyance, any such grantee shall for itself and its successors, assigns, heirs, and personal representatives, covenant, consent, and agree to and with all other Owners, to keep, observe, comply with, and perform each and all of the easements, covenants, conditions, restrictions and obligations contained herein with respect to the property so acquired by such grantee, whereupon the grantor of such property shall be released from such obligations and agreements thereafter arising in respect of such property.

(i) Severability. Each provision of this Supplemental Declaration and the application thereof to each Parcel are hereby declared to be independent of and severable from the remainder of this Supplemental Declaration. If any provision contained herein shall be held to be invalid or to be unenforceable or not to run with the land, such holding shall not affect the validity or enforceability of the remainder of this Supplemental Declaration. If the validity or enforceability of any provision of this Supplemental Declaration is held to be dependent upon the existence of a specific legal description, the parties agree to promptly cause such legal description to be prepared.

(j) Time of Essence. Time is of the essence of this Supplemental Declaration.

(k) Governing Law and Jurisdiction. The laws of the State of Arizona shall govern the interpretation, validity, performance, and enforcement of this Supplemental Declaration. All Owners irrevocably consent to jurisdiction and venue in the State of Arizona and agree not to attempt to remove or transfer any action properly commenced in the State of Arizona.

(l) Estoppel Certificate. Each Owner, Developer and the Community Council agrees that within thirty (30) days following receipt of a written request of any other Owner or Developer or the Community Council, it will issue, without cost, to such Person, or its prospective mortgagee, purchaser or successor, an estoppel certificate stating (a) whether it knows of any default under this Supplemental Declaration by the requesting Person, or by the Person providing the estoppel certificate, and if there are known defaults, specifying the nature thereof, (b) whether this Supplemental Declaration has been modified or amended in any way, and, if so, then stating the nature of such amendment or modification, and (c) whether this Supplemental Declaration is in full force and effect. Such statement shall act as a waiver of any claim of the Person furnishing the estoppel certificate to the extent such claim is based upon facts contrary to those asserted in the statement if the claim is asserted against a bona fide

encumbrancer or purchaser for value without knowledge of facts contrary to those contained in the statement and who has acted in reasonable reliance upon the statement. The issuance of an estoppel certificate shall in no event subject the Person furnishing it to any liability for the negligent or inadvertent failure of such Person to disclose correct and/or relevant information.

(m) Assignment of Developer's Rights. By an instrument recorded in the official records of Maricopa County, Arizona, Developer may assign all of its rights, titles and interests as "Developer" under this Supplemental Declaration to any other Owner of a Parcel, provided further that such assignment is signed by both assignor and assignee. Upon such assignment, the Person assigning the rights, titles and interests of the "Developer" shall be released from the performance of any obligation of the "Developer" accruing after the date of such assignment. No conveyance by Developer of any Parcel shall result in an assignment of Developer's rights, titles and interests as "Developer" in absence of an express provision to that effect. No succeeding Developer may terminate, rescind or revoke any rights or consents previously granted by Developer to a Person, including any Owner or Permittee, without the express consent of such Person.

(n) Change in Circumstances. Except as otherwise expressly provided in this Supplemental Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Supplemental Declaration.

(o) Developer's Disclaimer of Representations; Reservation of Right to Subdivide. Anything to the contrary in this Supplemental Declaration notwithstanding, and except as otherwise may be expressly set forth on a recorded map or plat or other recorded instrument or agreement, Developer makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Parcels can or will be carried out or that any land now owned or hereafter acquired by Developer is or will be committed to or developed for a particular plan or any use or that if such land is once used for a particular use, such use will continue in effect. Developer expressly reserves to itself the unqualified right to subdivide Parcel 1.1 at any time into Parcels of such size, location and configuration as Developer may deem appropriate in its sole and absolute discretion, subject only to ordinary approval of the City of Scottsdale.

(p) No Merger. The ownership of the entirety of Parcel 1.1 by the same Person shall not effect a termination of this Supplemental Declaration.

(q) No Third Party Beneficiary. Except as otherwise expressly provided in this Supplemental Declaration, no rights, privileges or immunities forth in this Supplemental Declaration shall inure to the benefit of any Permittee of any Owner of any Parcel, nor shall any Permittee of any such Owner be deemed to be a third party beneficiary of any provisions contained in this Supplemental Declaration. Notwithstanding the foregoing, however, a Permittee who is a Tenant of a Parcel may, during the term of the lease of such Parcel, enjoy all easements provided to the Owner of the Parcel under this Supplemental Declaration if and to the extent such easement rights are expressly assigned to the Tenant under a written lease a copy of which is provided to Developer.

(r) Mortgagee Protection. Breach of any of the covenants or restrictions contained in this Supplemental Declaration shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value as to Parcel 1.1 or any part thereof, but all of the foregoing provisions, restrictions and covenants shall be binding upon and effective against any Owner whose title thereto is acquired by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise.

(s) Consent to Assignment and Obligations of Developer's Assignee. By acceptance of title to any portion of Parcel 1.1, each Owner consents to any assignment by Developer to any mortgagee ("Mortgagee") holding a lien granted by Developer pursuant to any mortgage or deed of trust ("Mortgage") on all or any portion of Parcel 1.1 of Developer's rights and obligations as "Developer" hereunder, subject to the terms of this Paragraph 15(s). If a Mortgagee succeeds to the rights of Developer hereunder pursuant to an exercise of its rights under any Mortgage on all or part of Parcel 1.1, such Mortgagee shall be bound by the terms hereof and the Owners shall have the same rights and remedies against such Mortgagee for a breach hereof as the Owners would have against Developer but for the assignment; provided, however, that such Mortgagee shall not be liable to the Owners for any act or omission of Developer including, without limitation, Developer's failure to pay any amounts owing or to be paid hereunder or to perform any act or obligation required to be performed by Developer hereunder, arising prior to the date such Mortgagee succeeds to Developer's rights hereunder and takes possession of all or any portion of Parcel 1.1; provided, however, the foregoing shall not affect obligations of a continuing nature, such as, for example, such Mortgagee's obligation to maintain the Common Areas of Parcel 1.1. A Mortgagee shall assume the obligations and be liable to each of the Owners under this Supplemental Declaration only for matters and obligations arising or to be performed from and after the date such Mortgagee succeeds to Developer's rights hereunder and takes possession of all or any portion of Parcel 1.1 and during such period of ownership by such Mortgagee of all or any portion of Parcel 1.1, and any further or additional liability shall terminate upon the transfer by such Mortgagee of all of its interest in Parcel 1.1; provided, however, such Mortgagee shall have no personal liability for any of the matters under this Supplemental Declaration except to the extent of, and such Mortgagee's liability shall be limited to, such Mortgagee's estate and interest in Parcel 1.1 owned by such Mortgagee.

IN WITNESS WHEREOF, Developer has executed this Supplemental Declaration as of the date first written above.

DEVELOPER: 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: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of August, 2006, by _____, the _____ 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.

_____
Notary Public

My Commission Expires:

_____

CONSENT AND JOINDER

The undersigned hereby consents to and joins in to the foregoing Supplemental Declaration in accordance with Section 14.2 of the Council Declaration and Section 2.1 of The Covenant. Each capitalized term in this Consent shall have the meaning ascribed to it in the foregoing Supplemental Declaration.

Dated this _____ day of August, 2006.

PARCEL 1.1 VILLAGE LLC, an Arizona limited liability company

By: DC RANCH L.L.C., an Arizona limited liability company, Sole Member

By: DMB PROPERTY VENTURES LIMITED PARTNERSHIP, a Delaware limited partnership, Administrative Member

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

By: _____

Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of August, 2006, by _____, the _____ 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, in its capacity as the sole member of PARCEL 1.1 VILLAGE LLC, an Arizona limited liability company, for and on behalf thereof.

_____
Notary Public

My Commission Expires:

_____

CONSENT OF COMMUNITY COUNCIL

DC Ranch Community Council, Inc., an Arizona non-profit corporation, hereby consents to the foregoing Supplemental Declaration, and hereby agrees to be bound by those terms of such instrument that apply to the Community Council. Each capitalized term in this Consent shall have the meaning ascribed to it in the foregoing Supplemental Declaration.

Dated this _____ day of August, 2006.

DC RANCH COMMUNITY COUNCIL, an Arizona nonprofit corporation

By: _____

Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of August, 2006, by _____, the _____ of DC RANCH COMMUNITY COUNCIL, INC., an Arizona nonprofit corporation, for and on behalf thereof.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT A

Legal Description of Parcel 1.1 Village Parcel

EXHIBIT B

Site Plan