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**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR VERRADO PARCEL 5.505**

This Supplemental Declaration of Covenants, Conditions and Restrictions for Verrado Parcel 5.505 ("**Supplemental Declaration**") is made effective this 4th day of October, 2006, by DMB WHITE TANK, LLC, an Arizona limited liability company ("**Founder**").

A. Founder is the developer of the master planned community located in the Town of Buckeye (the "**Town**"), Maricopa County, Arizona, commonly known as Verrado® ("**Verrado**"); and

B. Founder executed the Covenant for Community for Verrado and caused said document to be recorded in the official records of Maricopa County, Arizona, as Document No. 2003-0531387 (the "**Covenant**"); and

C. Founder also executed the Community Charter for Verrado and caused said document to be recorded in the official records of Maricopa County, Arizona, as Document No. 2002-1008906, as amended by the First Amendment thereto recorded in the official records of Maricopa County, Arizona, as Document No. 2004-0015591 (as amended, the "**Charter**"). Each capitalized term used but not defined herein shall have the meaning for such term set forth in the Charter; and

D. The Charter contemplates that Supplements for parcels located within the portion of Verrado referenced in the Charter as the Village will be executed and recorded periodically as the development of the Village proceeds; and

E. Founder is the owner of that portion of the Village described on Exhibit "A" attached hereto (the "**Parcel**"); and

F. Founder wishes to cause the Parcel, which Parcel already is subject to the Covenant, to become subject to the Charter as well, and to be developed in accordance with certain supplemental covenants, conditions and restrictions as set forth herein.

NOW, THEREFORE, Founder hereby declares that the Parcel shall be held, sold and conveyed subject to the following restrictions, covenants, conditions, easements, terms and provisions, which shall apply to the Parcel and all Units within the Parcel in addition to the provisions of the Covenant and the Charter. This Supplemental Declaration shall be a Supplement for purposes of the Charter.

1. **Annexation.** Pursuant to Section 17.1 of the Charter, Founder hereby declares that the Parcel is annexed and submitted and hereafter shall be subject to the terms and provisions of the Charter.

2. **Membership.** Each Owner of a Unit shall be a member of the Association as provided in Section 4.1 of the Charter.

3. **Construction Requirements; Builder Agreement.** The construction of Improvements (as defined in Section 5.1 of the Charter) upon any Unit shall be subject to various approval requirements of the Reviewer, as set forth in the Charter and in the Design Guidelines adopted by the Founder, specifically including the Regent Hills Custom Home Design Guidelines and all related landscaping guidelines, as same may be modified from time to time. By its acceptance of a deed with respect to any Unit, each Owner is hereby deemed to acknowledge and agree that all initial construction of any Improvements upon a Unit shall be constructed only by an Arizona licensed contractor (“**Contractor**”) who has submitted to Founder a “**Builder Agreement**” in the form required by Founder, executed on behalf of the Contractor and the Owner of the Unit reflecting, among other things, that: the Builder shall abide by certain construction rules established by Founder (including, without limitation, a requirement to confirm and /or test and accept the status of all soils conditions on the applicable Unit); and the Builder or Owner may be obligated to provide to Founder a monetary deposit to protect against damage to the Parcel and Village and all improvements therein, and to protect against the failure to comply with all construction rules; the Builder shall provide evidence of certain insurance coverages being in effect prior to entry in the Village and commencement of construction on the Unit; and indemnification of Founder against claims and damages.

4. **Technology.**

(a) **Pre-Wiring Requirements.** By its acceptance of a deed with respect to any Unit, each Owner is hereby deemed to acknowledge and agree that such Owner shall be responsible to, or to cause its Contractor to: (a) satisfy the requirements of the Founder’s structured wiring specifications for installation of inside wiring, outlets and trim in the dwelling to be constructed on such Owner’s Unit within the Parcel and (b) install the material referenced therein in accordance therewith in such dwelling, at the sole cost and expense of Owner, such Owner acknowledging that Founder expressly retains the right to assign to any third party that provides technology services (including telephony, data transmission, cable television and similar services) to such dwelling the right to specifically enforce the foregoing without any right of offset or defense thereto.

(b) **Incorporation into Design Plans.** Owner shall, or shall cause its Contractor to, incorporate into the design and construction of any and all joint trenches located outside the public utility easements, from the connection point to the dwelling constructed within the boundaries of the Owner’s Unit consistent with the applicable plans and specifications therefore (including, if applicable, the final subdivision improvement plans), at the cost and expense of Owner, such distribution system design and/or specifications in order to permit the installation of the applicable technology facilities and, upon the construction of such joint utility trenches, Owner shall accommodate and permit the installation of technology facilities therein.

(c) **Appointment of Representative.** Owner shall appoint a representative with appropriate responsibility and authority (the “**On-Site Representative**”) to act as a single point of contact for coordination and cooperative implementation of the procedures for resolving day-to-day construction issues. The On-Site Representative shall work closely with any third party who provides technology services (including telephony, data transmission, cable television and similar services), and in coordination with such entity, for the placement of facilities, including pedestals, transformers, wiring, power supplies, etc., in the Parcel.

(d) **Required Notices.** Owner shall, or shall cause its Contractor to, provide to any third party who provides technology services (including telephony, data transmission, cable television and similar services) not less than sixty (60) days prior written notice of the expected certificate of occupancy date for the dwelling constructed within the boundaries of the Owner’s Unit and not less than fourteen (14) business days written notice of the expected move-in date of the initial resident of the dwelling constructed within the boundaries of the Owner’s Unit.

(e) **Right to Assign.** Founder shall have the right to assign to any third party who provides technology services (including telephony, data transmission, cable television and similar services) to such dwelling the right to specifically enforce the foregoing provisions without any right of offset or defense thereto.

5. **Installation of Landscaping.**

(a) **Initial Construction.** Unless a written variance is obtained from the Reviewer, each Owner shall be required at its sole cost and expense to complete the landscaping (including all related irrigation systems) of the front yard, side yard and all other landscape areas visible from any streets adjoining its Unit within three (3) months following the issuance of a certificate of occupancy for the initial dwelling constructed on such Owner’s Unit. Each Owner that owns any Unit that shares a common boundary with Tracts AA or BB (the “**Alley Tracts**”) of the final plat for the Parcel identified on Exhibit “A” attached hereto (the “**Plat**”) also shall be obligated at its sole cost and expense to complete the landscaping (including all related irrigation systems) to be located on its Unit between the Alley Tract and any perimeter wall or fence installed on such Unit, within three (3) months following the issuance of a certificate of occupancy for the initial dwelling constructed on such Owner’s Unit. All landscaping shall be installed in a manner consistent with the Community-Wide Standard and the Design Guidelines, specifically including the Regent Hills Custom Home Design Guidelines and all related landscaping guidelines.

(b) **Revegetation.** At the time of the initial conveyance of fee title to each of the Units, mass grading work may have been done with respect to all or portions of the Units, in which case any such Unit will not be in its otherwise natural condition. As to each such Unit, Founder reserves the right, at its expense, from time to time, to enter upon such Unit and, prior to commencement of construction of a dwelling on the Unit, plant drought tolerant plants, hydro seed with native grasses and desert groundcovers and otherwise revegetate the graded areas of such Unit in an effort to match the character and density of the surrounding areas of the Parcel. If after the installation by Founder of any such plants and vegetation either the plants and vegetation are destroyed or removed, and, if the Owner of such Unit has not commenced, or is not diligently pursuing completion of, construction of a Reviewer approved dwelling on the Unit,

then, within thirty (30) days after receipt of written request of Founder or the Association to do so, the Owner of such Unit shall, at its sole cost and expense, replace the destroyed or removed plants and/or vegetation to the reasonable satisfaction of the Founder or Association and thereafter cause such plants and vegetation to be maintained until completion of construction of a Reviewer approved dwelling and related landscaping on the Unit.

(c) **Easement; Potential Fine for Violation.** Founder hereby declares that all Units shall be subject to an easement as provided in Section 13.5 of the Charter in favor of the Founder and the Association (and their respective designees) to enter upon the Unit, if it chooses to do so in accordance with the terms of the Charter, to cause to be installed at the expense of the Owner of the Unit, such landscaping improvements or revegetation, as applicable, as the Association, in its sole and absolute discretion, may determine are not being properly installed by the Owner of the Unit or as otherwise contemplated by the provisions of this Paragraph 5. Each Owner understands and acknowledges that it is subject to a potential fine in such amount as may be established by the Board, to be imposed by, and payable to, the Association for any violation of the provisions of this Paragraph 5. All costs incurred by the Founder or the Association in connection with the installation of landscaping or revegetation shall be considered a Specific Assessment levied pursuant to Section 12.4 of the Charter.

6. **Maintenance Requirements.**

(a) **Units.** Each Owner shall be responsible at its sole cost and expense for maintenance of all Improvements, including, without limitation, landscaping and natural open space areas within its Unit in accordance with the Community-Wide Standard applicable to the Village and all other requirements of the Governing Documents. Such maintenance responsibility specifically includes, but is not limited to, all landscaping and other improvements (including all related irrigation systems) located in the area on such Unit that is between any perimeter wall or fence installed on such Unit and the common boundary of any other Unit or tract (including the Alley Tracts). Founder hereby gives notice that all landscaping and other Improvements located on a Unit in the area between the perimeter wall or fence of any Unit and the common boundary of any other Unit or tract (including the Alley Tracts) shall not be deemed an Area of Common Responsibility.

(b) **Areas of Common Responsibility.** The Association shall maintain all Areas of Common Responsibility of the Parcel in accordance with the Community-Wide Standard applicable to the Village and all other requirements of the Governing Documents. By its execution hereof, the Association acknowledges the foregoing and agrees to assume responsibility for maintenance of all Areas of Common Responsibility following completion of all required improvements and landscaping thereon.

(c) **Party Walls Adjacent to Common Area.** Notwithstanding the foregoing provisions of this Paragraph 6, the Association shall be responsible for the maintenance of any party fences or party walls between any Common Areas or Areas of Common Responsibility and any Unit, subject to the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions, except that each Owner of a Unit shall be responsible for painting the portion of any such party fence or party wall facing his Unit or the portion thereof which is not a portion of the Common Area or Area of Common Responsibility,

and each Owner shall be responsible for any repairs, replacements and maintenance resulting from the improper or defective construction of such party fence or party wall constructed by the Owner or a Builder.

(d) **Maintenance Easement.** Founder hereby declares that all Units shall be subject to an easement as provided in Section 13.5 of the Charter in favor of the Association to enter upon the Unit to cause to be performed, if it chooses to do so in accordance with the terms of the Charter, at the expense of the Owner of the Unit, any maintenance of such area as the Association, in its sole and absolute discretion, may determine is not being properly performed by the Owner of the Unit.

7. **Trash Receptacles.** No garbage or trash shall be placed or kept on any Unit, except in covered containers of a type, size and style that are approved in writing by Founder or the Design Review Committee, as applicable. Because traffic flow across the Alley Tracts will be one way, garbage service will be able to empty trash receptacles on only one side of each Alley Tract. Accordingly, Founder hereby declares, establishes and grants over each Unit adjacent to an Alley Tract for the benefit of all other Units adjacent to an Alley Tract and impose upon, over, across and through that portion of the Unit lying within the public utility easement adjacent to the Alley Tract as reflected on the Plat or any map of dedication, a non-exclusive perpetual easement for the placement and use of a trash receptacle. The rights and obligations granted herein shall be deemed to run with the land, and the subsequent sale of all or any portion of a Unit shall not affect such rights and obligations. No Improvements that in anyway might materially interfere with or impede the utilization of the easement for its intended purpose shall be allowed.

8. **Neighborhood Designation.** Founder hereby declares that the Units within the Parcel are designated as being within, and are hereby assigned to, Neighborhood One for purposes of representative voting. Founder hereby reserves the right to re-designate or change Neighborhood boundaries, all as further set forth and described in the Charter, and nothing in this Supplemental Declaration shall be deemed to limit the rights and powers of the Founder with respect thereto.

9. **Reservation Regarding Election District Designation.** Founder hereby reserves the right to designate Election Districts for purposes of electing directors to the Board, and to assign the Units within the Parcel to a particular Election District, all as further set forth and described in the Charter, and nothing in this Supplemental Declaration shall be deemed to limit the rights and powers of the Founder with respect thereto.

10. **Commencement of Assessments.** The Units within the Parcel are subject to all assessments duly imposed pursuant to the Covenant and the Charter. The obligation to pay assessments under the Covenant and the Charter shall commence as to all Units effective as of January 1, 2008. Assessments shall be paid in such manner and at such times as provided in the Covenant and Charter. As provided in the Covenant, the Association is responsible for collecting and paying to the Assembly all assessments, fees, or other charges levied by the Assembly against members of the Association, which sums shall be included as an item of Common Expense of the Association.

11. **Notice Regarding Assessments.** Founder hereby gives notice that, in addition to all other assessments under the Covenant and Charter, all Units within the Parcel are subject to a Community Enhancement Fee and Telecommunity Fee (as such terms are defined in Sections 2.3(f) and 6.4 of the Covenant) to be levied by the Assembly and collected by the Association as provided in the Covenant.

12. **Notice Regarding View Impairment.** Founder hereby gives notice that Sections 14.3 and 15.4 of the Charter expressly provide that no guarantee or representation is made that any view over and across the Units, any open space within Verrado, or any golf course or other Private Amenity (as defined in the Charter), or over and across the Private Amenity from Units adjacent to the Private Amenity, will be preserved without impairment, and that any express or implied easements for view purposes or for the passage of light and air are expressly disclaimed as provided in the Charter. Founder has no obligation and is under no legal duty to take any measures or intervene in any manner whatsoever on behalf of any Owner, resident or other Person with respect to the preservation, diminishment, obstruction or impairment of any view. In particular, Founder hereby gives notice that the Town has approved a site plan for certain property located adjacent to the Parcel that contemplates such land may be developed as a resort village, which may include multiple 6-story structures thereon.

13. **Notice Regarding Development Requirements.** Founder hereby gives notice that the Plat sets forth certain matters that may constrain and/or impact the development and use of the Units and should be reviewed carefully by all Owners and prospective purchasers of Units in the Parcel. In addition, all Owners and prospective purchasers of Units 508, 509, 525 and 526 in the Parcel are encouraged to independently investigate the following matters and are hereby deemed to have constructive notice thereof:

(a) **Sewer Discharge System for Lots 508 and 509.** Founder hereby gives notice that, as a condition to obtaining sewer service to the Units designated as Lots 508 and 509 (each a "Lot") and developing any residence or other structures requiring sewer service on either such Lot, a private sewer collection, discharge and pumping system (the "**Private Sewer System**") must be engineered, installed on the Lot and thereafter maintained, repaired and, if necessary, replaced. The Owners of Lots 508 and 509 will each be responsible to engineer, install and maintain, repair and replace any Private Sewer System required for such Owner's Lot at such Owner's expense, and Founder shall have no responsibility with respect thereto. The Private Sewer System and all facilities related thereto are to be installed entirely within the boundaries of the Lot. The Owner of the Lot will be responsible, at its expense, for causing all engineering plans and specifications for the Private Sewer System to be prepared and to thereafter be approved by Arizona-American Water Company ("AAWC") prior to any such improvements being connected to the public sewer system installed adjacent to the Lot; however, AAWC will not have any obligation or responsibility to engineer, maintain, repair or replace any of the improvements comprising the Private Sewer System. Founder hereby gives notice that the cost of engineering, constructing, maintaining, repairing and, if necessary, replacing any such Private Sewer System may be substantial and will result in additional costs of development of Lots 508 and 509. Each Owner and prospective purchaser of each of Lot 508 and Lot 509 is advised to thoroughly and independently investigate and determine for its own account the estimated costs to install, a Private Sewer System for such Lot.

(b) **Private Water Booster System for Lots 525 and 526.** Founder hereby gives notice that, as a condition to obtaining water service to the Units designated as Lots 525 and 526 (each a “Lot”) and developing any residence or other structures requiring water service on such Lots, a private water pressure booster system (the “Private Water Booster System”) may need to be engineered, installed on the Lot and thereafter maintained, repaired and, if necessary, replaced. The Owners of Lots 525 and 526 would each be responsible to engineer, install and maintain, repair and replace any Private Water Booster System required for such Owner’s Lot at such Owner’s expense, and Founder shall have no responsibility with respect thereto. Whether a Private Water Booster System will be required will depend on a number of factors pertaining to the size of the structures designed for the Lot and the location on the Lot of such structures relative to the water pressure zone, and as such may be able to be avoided. The Private Water Booster System and all facilities related thereto, if required, would need to be installed entirely within the boundaries of the Lot. The Owner of the Lot would be responsible, at its expense, for causing all engineering plans and specifications for the Private Water Booster System to be prepared and thereafter approved by Arizona-American Water Company (“AAWC”) prior to any such improvements being connected to the public water system installed adjacent to the Lot; however, AAWC will not be responsible for engineering, installing, maintaining, repairing or replacing any of the improvements comprising the Private Water Booster System. Founder hereby gives notice that the cost of engineering, constructing, maintaining, repairing and, if necessary, replacing any such Private Water Booster System may be substantial and, if needed, will result in additional costs of development of Lots 525 and 526. Each Owner and prospective purchaser of each of Lot 525 and Lot 526 is advised to thoroughly and independently investigate and determine for its own account if the plans for the residence proposed to be constructed on the Lot will necessitate the installation of a Private Water Booster System, and the estimated costs to install a Private Water Booster System for such Lot if required.

14. **Enforcement.** The Association may recover from any Owner who fails to landscape, repair or maintain its Unit or any portion thereof as required by Paragraphs 5 and 6 above, any and all costs incurred by the Association in performing such landscaping, repair or maintenance on behalf of such Owner pursuant to Paragraphs 5 and 6 above. In addition, without limiting any other rights or remedies available to the Association, the Association may impose a Specific Assessment under the Charter against the applicable Owner’s Unit in the amount of such costs, which assessment shall be immediately due and payable upon delivery of notice of such assessment to the applicable Owner.

15. **Lighting of Common Area.** Founder reserves to itself and its successors and assigns the right (but Founder shall have no obligation) to install, remove, maintain, replace and repair lighting fixtures, related electrical lines and other related facilities, within Tracts H and L identified on the Plat for the purpose of facilitating pedestrian and vehicular use of such area. The design and location of all such fixtures, lines and related facilities (without regard to whether such fixtures, lines and related facilities were installed by Founder or by any other person or entity) shall be as determined by Association, consistent with the Design Guidelines, and the Association shall determine from time to time the days and hours of the day on which such lighting fixtures shall be operated.

16. **Notice Regarding Drainage.** No Owner, resident or other Person shall be permitted to cause or allow drainage or excess storm water runoff to flow from a Unit or any other portion of the Parcel onto or over any golf course or wash areas located within or adjacent to any portion of the Village, nor to install, construct, maintain, operate or use any facilities or equipment for such purposes, except as contemplated by and in accordance with the Town approved drainage plans and specifications. The foregoing prohibition specifically includes, but is not limited to, the flow and drainage of swimming pool backwash water.

17. **Mailbox Easement.** Founder hereby expressly reserves for itself, together with the right to transfer and assign the same, a perpetual easement (each a “**Mailbox Easement**”) over, upon, across and under that portion of each Unit that is encumbered with a public utility easement as reflected on the Plat, any map of dedication or other instrument recorded in the official records of Maricopa County, Arizona, to enter such portion of the Unit and to install, use, maintain, repair, replace and operate one or more community postal boxes to serve the Owners of all Units within the Parcel as Founder or its assignee, may from time to time deem necessary or desirable and as may be approved by the Town from time to time; provided and only to the extent that such use is not inconsistent with, and does not unreasonably interfere with, the use of such areas for public utility purposes in accordance with the provisions of the Dedication, Easement and Maintenance Agreement (Phase 3 North) recorded in the official records of Maricopa County, Arizona, at Document No. 2006-1045966, as same may be amended from time to time. Founder does not intend to install a community postal box on each Unit; however, at this time the exact location of each community postal box cannot be determined. The identity and portion of each Unit subject to the Mailbox Easements shall be determined by the as-built location of each community postal box. Once all community postal boxes in the Parcel have been installed, only those Units upon which a community postal box is located shall be deemed subject to the Mailbox Easement and the Mailbox Easement on all other Units shall automatically terminate. No Owner shall have the right to deny access to any other Owner or the United States Postal Service to any community postal box situated on a Unit. The rights and obligations granted herein shall be deemed to run with the land, and the subsequent sale of all or any portion of the Parcel shall not affect such rights and obligations.

18. **Photography of Homes.** By its acceptance of a deed or other instrument conveying title to any Unit, each Owner is hereby deemed to acknowledge and agree that such Owner consents to having the exterior of any residence constructed on such Unit photographed by professional photographers contracted by Founder, and agrees that such photographs may be used by Founder in advertising and marketing materials and also may be used to demonstrate design guideline principles applicable to structures constructed at the Village. All such photographs and all such uses shall be at no cost to the Owner of the Unit and such Owner shall allow such uses free of charge and without compensation to such Owner. All uses shall be implemented in a professional and tasteful, first-class manner. Each photography session, if any, shall be conducted at a mutually convenient time and date as agreed between the Owner of the Unit and Founder. The photography crew shall have the right to enter onto the Unit on the day of the photography session to conduct its work. Any damage caused by such crew shall be the responsibility of Founder who shall promptly cause any such damage to be repaired, entirely at its cost, and with minimal inconvenience to the Owner of the Unit.

19. **No Encroachment on Easement Areas.** No building or other structural Improvements (other than paving, landscaping or above-ground utility Improvements approved by Founder) of any kind shall be erected, placed, installed or maintained on any portion of the Mailbox Easement or any other public utility easement areas, landscape easement areas or access easement areas established by any easement Recorded by Founder prior to or concurrently herewith which in anyway might interfere with or impede the utilization of the particular easement for its intended purpose.

20. **Disclosures.** ALL OWNERS AND PROSPECTIVE PURCHASERS OF UNITS IN THE PARCEL ARE ENCOURAGED TO INDEPENDENTLY INVESTIGATE THE FOLLOWING MATTERS AND ARE HEREBY DEEMED TO HAVE CONSTRUCTIVE NOTICE THEREOF:

(a) **Development.** Founder hereby gives notice that Verrado is intended to be developed as a master-planned residential and commercial community and that, consistent with the development of Verrado as a master-planned community, there will be numerous non-residential uses within Verrado, which may (but shall not necessarily) include lighted ball and recreational fields at school and park sites, multi-family housing, school sites, a district club (i.e., community recreation area), golf courses (including maintenance and clubhouse improvements), resorts and related facilities and other commercial/retail businesses. However, the zoning and land use designations for Verrado are subject to change from time to time, and therefore, notwithstanding anything now, previously or hereafter referenced or described in the land use plan(s) or any other development plan(s) for Verrado, Founder makes no representations or warranties that: (i) any parcel in Verrado proposed for commercial, retail, residential, school, park, district club, golf course, resort or any other particular use will be committed to or developed for such uses; or (ii) if any such parcels are once used for any commercial, retail, residential, school, park, district club, golf course, resort or other particular uses, that any such use will continue in effect. Each Owner and prospective purchaser is advised to investigate and determine for its own account if the zoning and land use designations for Verrado and other real properties in the vicinity of Verrado are compatible with such Owner's occupancy, use and enjoyment of the Unit purchased by such Owner. In particular, development plans approved by the Town currently exist for an approximate 56-acre parcel located north of the 18th hole of the Golf Course and south of the driving range that contemplate a mixed-use development including a resort and related facilities (including multiple 6-story structures), retail and entertainment uses. Founder makes no representations or warranties concerning the timing, location, configuration or existence of any non-residential use on or about Verrado. By its acceptance of a deed with respect to any Unit, each Owner is hereby deemed to acknowledge and agree that it accepts and assumes any and all risks, burdens and inconvenience caused by or associated with the potential that development may occur consistent with zoning and land use designations for Verrado and other real properties in the vicinity of Verrado in a fashion incompatible with such Owner's occupancy, use and enjoyment of the Unit.

(b) **Adjacent Street/Park Use.** Founder hereby gives notice that certain Units within the Parcel are adjacent to streets that serve as principal collector streets for the Village, which may cause such Units to be exposed to noise, increased traffic and other matters associated with public use of a principal collector street. Founder hereby gives notice that certain Units within the Parcel are adjacent to, or in the vicinity of, neighborhood/district parks

intended for use and enjoyment by members of the public, which use may cause such Units to be exposed to light, noise, dust, increased pedestrian and vehicular traffic and other matters associated with the use of and activities at such parks. In particular, Founder hereby gives notice that the Units designated as Lots 522, 523, 530, 535 and 536 are adjacent to Tract PA designated on the Plat, and that Tract PA is intended for use and enjoyment as a neighborhood park, which use may cause such Units to be exposed to light, noise, dust, increased pedestrian and vehicular traffic and other matters associated with the use of such neighborhood park.

(c) **Adjacent Path/Trail Use.** Founder hereby gives notice that the Units designated as Lots 513 through 517, inclusive, and 519 through 523, inclusive, on the Plat are adjacent to areas intended for use and enjoyment as a linear trail and/or park, which uses may cause such Units to be exposed to light, noise, dust, increased pedestrian and vehicular traffic and other matters associated with the use of such linear trail and/or park.

(d) **Golf Course.** No Owner shall acquire any interest or rights with respect to any golf course located within or adjacent to any portion of Verrado by virtue of taking title to property in the Village. Founder makes no representations or warranties regarding the construction, ownership or operation of or use rights in any golf course within or adjacent to any portion of Verrado, nor any representations or warranties that any golf course will open to the public, or if any golf course is operated as a private facility, as to the ability of any resident to become a member thereof.

(e) **Nearby Air Force Base and Airport.** Founder hereby gives notice that the Parcel lies in the vicinity of the aircraft overflight area for aircraft utilizing Luke Air Force Base (which is an active fighter pilot training facility) and the increased noise and accident potential attendant thereto, which may be of concern to Owners, residents and other Persons. All Owners and prospective purchasers are advised that aircraft may have the right of flight over the Units, and that the Units may be subject to the attendant noise, vibrations, fumes, dust, fuel and lubricant particles and all other effects that may be caused by the operation of aircraft landing at, or taking off from, or operating at or on, Luke Air Force Base, which may occur at varying times of the day and night. Further information concerning the operation of Luke Air Force Base and the effect that the operation of Luke Air Force Base may have upon the Village and the Owners and residents thereof may be obtained by contacting Luke Air Force Base. In addition, Founder hereby gives notice that the Parcel lies in the vicinity of the Phoenix-Goodyear Airport, which is a general aviation facility, and the Luke Air Force Base Decommissioned Auxiliary Airfield, and the increased noise and accident potential attendant thereto, which may be of concern to Owners, residents and other Persons. Currently, the Luke Air Force Base Decommissioned Auxiliary Airfield does not have military aircraft taking off from or landing at its runways; however, Founder does not have any control over the current and future plans for such airfield. All Owners and prospective purchasers are advised that both general aviation and recreation aircraft, including without limitation, hot air balloons, fixed-wing aircraft, ultralights, hang gliders and helicopter, may have the right of flight over the Units, which may result in increased noise, vibrations, or other disturbance or interference, which may be of concern to Owners, residents and other Persons. Founder hereby gives notice that Founder does not have any control over flight patterns, which are subject to change, and are not liable for injury or damage of any kind to persons or property that may arise at any time in the future in connection with the operation of

aircraft landing at, or taking off from, or operating at or on, Luke Air Force Base, the Phoenix-Goodyear Airport or the Luke Air Force Base Decommissioned Auxiliary Airfield.

(f) **Community Facilities Districts.** Founder hereby gives notice that certain community facilities districts have been formed that will issue general obligation bonds, the proceeds of which will be applied to finance or acquire public infrastructure benefiting Verrado. The bonds will be paid from a general obligation property tax assessed, in addition to each resident's annual property tax bill, against all property within Verrado, including the Units within the Parcel.

(g) **Commercial District.** Founder hereby gives notice that the Parcel lies in the vicinity of certain property within Verrado that is intended to be developed for commercial, retail and/or community and public use, and which uses may cause the Units to be exposed to light, noise, increased pedestrian and vehicular traffic and other matters associated with such uses.

(h) **Adjacent Communication and Broadcast Facility.** Founder hereby gives notice that certain radio communications equipment is located on land adjacent to Verrado (the "Communications Site") and that, pursuant to an Access Easement Agreement, the Founder granted to the owners of that equipment an access easement (the "Access Easement") through portions of Verrado (potentially including public roadways within the Village) to gain access to the Communications Site and to use certain portions of Verrado outside of the Village (the "Staging Areas") for: (i) temporary parking of motor vehicles (including tractors, graders, bulldozers, dump trucks and the like); (ii) temporary storage of construction equipment and materials, and the loading and unloading of construction equipment and materials from motor vehicles; (iii) assembly of antenna or components of antenna, mixing of construction materials relating to the Communications Site; and (iv) any other lawful uses reasonably required for the maintenance, replacement or repair of any radio equipment located within the Communications Site. The Access Easement does not affect the Parcel; in fact, the Staging Areas are located in within Sections 3 and 10 of Township 2 North, Range 3 West of the Gila and Salt River Meridian, Maricopa County, Arizona, more than a mile from the Parcel. A copy of the Access Easement Agreement may be obtained from the Association upon written request. The Association may charge a reasonable fee to cover its reproduction cost.

(i) **Nearby Temporary Rock Crushing Operations.** Founder hereby gives notice that the Parcel lies in the vicinity of a temporary rock crushing plant and the increased noise attendant thereto, which may be of concern to Owners, residents and other Persons. All Owners and prospective purchasers are advised that: (i) the operations of such plant involve, among other matters, the use of explosives for the purpose of excavating materials; crushing operations to create various construction materials, including without limitation sand, gravel and rock; and the loading, hauling and stockpiling of sand, gravel and rock for use at construction sites within and outside of the Village; (ii) as a result of such operations, the Units may be subject to the attendant temporary noise, vibrations, dust, air pollution and all other effects that may be caused from time to time by the operation of the rock crushing plant; and (iii) such operations are intended to be conducted during typical construction work hours (as the same may vary from time to time) and in accordance with all the requirements of all applicable state, county and municipal authorities. Founder hereby gives notice that as development of the

Village progresses, the temporary rock crushing plant may be relocated at any time and from time to time to a location or locations north of Sunrise Wash as may be determined by Founder in its sole discretion, and Founder hereby reserves to itself and its successors and assigns the right (but Founder shall have no obligation) to so relocate the rock crushing plant from time to time. Each Owner and prospective purchaser is advised to investigate and determine for its own account if the temporary rock crushing plant operations are compatible with such Owner's occupancy, use and enjoyment of the Unit purchased by such Owner.

(j) **Model Home and Sales Office Use.** Founder hereby gives notice that the Unit designated as Lot 501 and areas adjacent thereto are intended to be used as a temporary model home and sales office in connection with the marketing and sale of Units within the Parcel and other Units in Verrado as well as the marketing of custom homes to be constructed on such Units, and that in connection therewith, parking and sales-related functions may be conducted at or adjacent to such Unit. Such use by Founder, even though temporary, may be continued for as long ten (10) years from the date this Supplemental Declaration is recorded in the official records of Maricopa County, Arizona. As a result of such activities, it is possible that the general public will be frequenting such Unit subsequent to the time that residents are occupying homes constructed on other or adjacent Units, which may cause Units within the Parcel to be exposed to light, noise, increased pedestrian and vehicular traffic and other matters associated with the use of such Unit as a model home and sales office. As such, traffic within the Parcel may be adversely affected until the model home on Lot 501 is occupied by residents. All Owners or prospective purchasers of Units in the Parcel are encouraged to independently investigate such matters and are hereby deemed to have constructive notice thereof, and by accepting a deed to any such Unit hereby release Founder from any and all claims relating to the use of Lot 501 as a model home and sales office.

(k) **Notice Regarding Combination of Units.** Founder hereby gives notice that Section 7.1(d) of the Charter permits Units to be combined by the Founder, certain Builders, or with the prior written approval of the Board. Founder hereby gives notice that in connection with the granting of any such approval to combine Units within the Parcel, adjacent Units owned by the same Owner may thereafter be treated as a single Unit for purposes of voting and assessment, in which event the total number of Units within the Parcel upon which any Service Area Assessments are allocated would be reduced. Such reduction in the number of Units within the Parcel would thereby result in a greater portion of any Service Area Assessment being allocated to each Unit and potentially increase the amount of the Service Area Assessment for each applicable Unit.

21. **Interpretation.** This Supplemental Declaration shall run with the land within the Parcel, shall be binding on all parties having or acquiring any right, title or interest in the Parcel or any part thereof, and their respective heirs, successors and assigns, and shall be enforceable in accordance with and as a part of each of the Covenant and the Charter.

22. **Incorporation of Declarations.** The Covenant and the Charter 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 Covenant and the Charter, as applicable. In the event of any

conflict between the terms of the Covenant or the Charter and the terms of this Supplemental Declaration, the terms of the Covenant or the Charter, as applicable, shall control.

23. **Effectiveness.** This Supplemental Declaration and the covenants, conditions and restrictions contained herein shall be effective commencing upon the date this Supplemental Declaration is recorded in the official records of Maricopa County, Arizona, and shall remain in full force and effect for so long as the Charter remains in effect.

24. **Amendment.** This Supplemental Declaration may be amended in the same manner as the Charter may be amended in accordance with the provisions of the Charter; provided, that notwithstanding the foregoing, Founder shall be entitled to unilaterally amend this Supplemental Declaration to make any corrections or modifications deemed necessary or appropriate by the Founder in its sole and absolute discretion due to the designation or depiction of any item or matter on the Plat.

[SIGNATURES ON FOLLOWING PAGE]

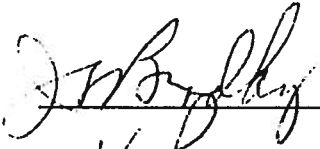
IN WITNESS WHEREOF, Founder has executed the foregoing instrument as of the date first set forth above.

FOUNDER:

DMB WHITE TANK, LLC, an Arizona limited liability company

By: DMB Communities LLC, an Arizona limited liability company, its Manager

By: DMB Associates, Inc., an Arizona corporation, its Manager

By: 
Its: V.P.

ACKNOWLEDGEMENT:

VERRADO COMMUNITY ASSOCIATION, INC., an Arizona nonprofit corporation

By: 

Its: President

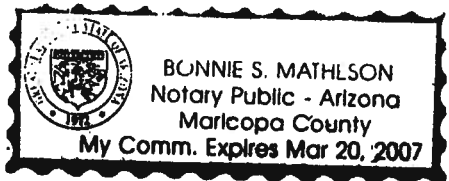
STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 29th day of September, 2006, by John L. Bradley, the Vice President, of DMB Associates, Inc., an Arizona corporation, in its capacity as Manager of DMB Communities LLC, an Arizona limited liability company, its Manager, in its capacity as Manager of DMB WHITE TANK, LLC, an Arizona limited liability company, for and on behalf thereof.

Bonnie Matheson

Notary Public

My Commission Expires:
March 20, 2007



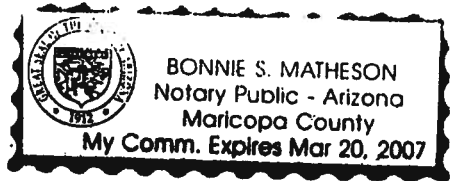
STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 29th day of September, 2006, by Rexford Ross, the President, of VERRADO COMMUNITY ASSOCIATION, INC., an Arizona nonprofit corporation, for and on behalf thereof.

Bonnie Matheson

Notary Public

My Commission Expires:
March 20, 2007



CONSENT OF LIENHOLDER:

The undersigned, being the Beneficiary under that certain Deed of Trust and Fixture Filing (With Assignment of Rents and Security Agreement) (the "Deed of Trust") executed by DMB White Tank, LLC, an Arizona limited liability company, as Trustor, for the benefit of Beneficiary, and recorded on September 25, 2006, as Document No. 20061265884, Official Records of Maricopa County, Arizona, hereby: (i) ratifies, approves, consents to and agrees to be bound by the terms of this Supplemental Declaration; and (ii) agrees that the Deed of Trust shall be subordinate to the Supplemental Declaration, which subordination shall survive any trustee's sale held pursuant to the Deed of Trust or any foreclosure of the Deed of Trust or transfer in lieu thereof and shall be binding on Beneficiary for all purposes under the Deed of Trust.

Dated this 5 day of October, 2006.

CATERPILLAR FOUNDATION, an Illinois not-for-profit corporation

By: Fidelity National Title Insurance Company, a California corporation, its Attorney-in-Fact

By: Bonnie McCoid
Name: Bonnie McCoid
Title: V. P.

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 5 day of October, 2006, by Bonnie McCoid, the Vice President, of FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation, as Attorney-in-Fact on behalf of Caterpillar Foundation, an Illinois not-for-profit corporation.

Debra Grossman
Notary Public

My Commission Expires:
6/29/2007

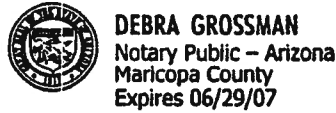


Exhibit "A"

LEGAL DESCRIPTION

Lots 501 through 564, inclusive, and Tracts A through R, inclusive, AA, BB, AM and PA, VERRADO PARCEL 5.505, according to the final plat thereof recorded in Book 859 of Maps, page 39, official records of Maricopa County, Arizona, and Certificate of Correction (Verrado Parcel 5.505) recorded in the official records of Maricopa County, Arizona, as Document No. 2006-1322719.