

FIDELITY NATIONAL TITLE AGENCY INC

When recorded, return to:

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11201 North Tatum Boulevard
Suite 330
Phoenix, Arizona 85028

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**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE VICTORY DISTRICT™
(Phase I)**

AGE-QUALIFIED NEIGHBORHOOD. The Parcel is part of an age qualified community that will provide housing primarily for persons 55 years of age or older in compliance with all applicable State and Federal laws. This Victory District CC&R's (as defined below) impose age and occupancy restrictions on all Units in the Parcel. Anyone who is not an "Age-Qualified Occupant" may own a Unit, but may not occupy it, except in limited situations.

This Supplemental Declaration of Covenants, Conditions and Restrictions for the Victory District (“**Supplemental Declaration**”) is made effective as of the 14 day of January, 2014, by VERRADO ARC LLC, an Arizona limited liability company (the “**Declarant**”) and FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation, acting not in its corporate capacity but solely as Trustee under its Trust No. B176 (“**Trustee**”).

A. Declarant is the developer of the Victory District within the master-planned community located in the City of Buckeye (the “**City**”), Maricopa County, Arizona, commonly known as Verrado® (“**Verrado**”); and

B. Declarant and Trustee executed the Declaration of Covenants, Conditions and Restrictions for the Victory District and caused said document to be recorded on October 24, 2013, in the official records of Maricopa County, Arizona, as Document No. 2013-0936312 and re-recorded same January 3, 2014 as Document No. 2014-0004847 (the “**Victory District CC&R's**”); and

C. Each capitalized term used but not defined herein shall have the meaning for such term set forth in the Victory District CC&R's; and

D. The Victory District CC&R's contemplates that Supplements for parcels located within the Victory District will be executed and recorded periodically as the development of the Victory District proceeds; and

E. Trustee is the owner of that portion of the Victory District described on Exhibit “A” attached hereto (the “**Parcel**”); and

F. Declarant, with the consent of the Trustee, wishes to cause the Parcel to be developed in accordance with certain supplemental covenants, conditions and restrictions as set forth herein.

NOW, THEREFORE, Declarant, with the consent of the Trustee, 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 Victory District CC&R's.

1. **Membership.** In addition to being members of the Verrado Community Association, Inc., an Arizona nonprofit corporation (the “**Master Association**”), each Owner of a Unit shall be a member of the Association as provided in Section 6.6 of the Victory District CC&R's.

2. **Commencement of Assessments.** The Units within the Parcel are subject to all assessments duly imposed pursuant to the Covenant, the Charter and the Victory District CC&R's. The obligation to pay assessments under the Covenant, the Charter and the Victory District CC&R's shall commence as to each Unit within the Parcel effective as of the Recording of a Deed conveying title to such Unit by Founder (or by Trustee on behalf of Founder) to the original purchaser of such Unit. Assessments shall thereafter be paid in such manner and at such

times as provided in the Covenant, the Charter and the Victory District CC&R's; provided that, for the period from the date of the Recording of the applicable Deed to a Builder through the last day of the earlier to occur of (i) last day of the calendar month in which the eighteenth (18th) monthly anniversary of such Recording occurs, or (ii) the date of the closing of the first retail sale of the Unit upon which a dwelling unit is constructed thereon, the Base Assessments (under the Charter), the Annual Assessments (under the Covenant) and the Annual Assessments (under the Victory District CC&R's) for such Units conveyed to that Builder shall be reduced to twenty-five percent (25%) of the amount of assessment otherwise payable. As provided in the Covenant, the Master Association is responsible for collecting and paying to the Assembly all assessments, fees, or other charges levied by the Assembly against members of the Master Association, which sums shall be included as an item of Common Expense of the Master Association. As provided in the Victory District CC&R's, the Association may delegate collection of Annual Assessments under the Victory District CC&R's to the Master Association.

3. **Notice Regarding Assessments.** Declarant hereby gives notice that, in addition to all other assessments under the Victory District CC&R's, Covenant and Charter, all Units within the Parcel are subject to a Start-Up Fee and Reserve Fee (as such terms are defined in Sections 7.13 and 7.14 of the Victory District CC&R's).

4. **Age-Qualified Occupant.** Each Owner shall be required to provide to the Association a completed Age and Occupancy Survey Form confirming occupancy of the Unit by an Age Qualified Occupant accompanied by documentation for each occupant confirming proof of age. A supplemental form will be required from an Owner every time occupancy of the Unit changes.

5. **Common Yard Walls.** All walls constructed by any party other than Declarant require approval of Declarant and the Reviewer, and are subject to the design review process set forth in the Charter. For purposes of this Supplemental Declaration, the term "**Common Yard Wall**" shall mean a privacy wall (or view fence) constructed on, or adjacent to, all or a portion of the common boundary of two adjoining Units. Any retaining wall that lies under and supports a Common Yard Wall shall be deemed a part of such Common Yard Wall for purposes of this Section 5. Where a Common Yard Wall is a continuous wall running along the boundaries of multiple Units, the rights and responsibilities of the Owner of each such Unit under this Section 5 pertain only to the portions of such wall that adjoin such Owner's Unit. The rights and duties of Owners with respect to Common Yard Walls shall be as follows:

a. **Use of Walls.** Two Owners who have a Common Yard Wall on or adjacent to their common boundary shall both equally have the right to use such Common Yard Wall, provided that such use by one such party does not interfere with the use and enjoyment of such Common Yard Wall by the other.

b. **Repair of Walls.**

i. If any Common Yard Wall is damaged or destroyed through the act of an adjacent Owner or any of such Owner's tenants, customers, guests, employees, agents, family members, and invitees (including contractor invitees) of an Owner (its "**Permittees**") (whether or not such act is negligent or otherwise culpable), it shall be the

obligation of such Owner to rebuild and repair the Common Yard Wall to its pre-existing condition (including restoration of any affected landscaping and compliance with all applicable municipal code requirements) without cost to the other Owner, provided that any liability imposed on an Owner hereunder shall not limit or prejudice the right of the adjacent Owner to pursue any available legal remedies against the Person(s) causing such damage or destruction.

ii. If any Common Yard Wall is destroyed or damaged (including by deterioration from ordinary wear and tear), other than by the act of an adjacent Owner or any Permittee of such Owner (or if it cannot be determined who caused such destruction or damage), it shall be the joint obligation of the two Owners to rebuild and repair such wall to its pre-existing condition (including restoration of any affected landscaping and compliance with all applicable municipal code requirements) at their joint expense, such expense to be divided equally between them (and, in the event that one such Owner fails or refuses so to act, the other Owner may undertake the rebuilding or repair of such Common Yard Wall, and thereupon shall have the right to obtain contribution from the Owner who failed or refused to act, in the amount of one-half of the cost of such rebuilding or repair); provided, however, that if such damage or destruction is limited to the surface of a Common Yard Wall, then the obligation to repair such damage or destruction shall be the sole responsibility of the Owner of the Property toward which such surface faces, at such Owner's expense.

iii. In connection with any rebuilding or repair of a Common Yard Wall in accordance with this Section 5, each adjacent Owner shall have the right to enter upon the adjacent Unit as may be reasonably necessary to carry out such rebuilding or repair (including restoration of any affected landscaping).

c. Modification of Walls. Notwithstanding anything to the contrary contained in this Supplemental Declaration, there shall be no modification of any Common Yard Wall or impairment of the structural integrity of any Common Yard Wall without the prior consent of the Owners of both adjacent Units and the Reviewer.

d. No Association Responsibility. The Association shall have no responsibility for the maintenance, repair or replacement of any Common Yard Wall.

e. Association Cure Rights. If an Owner shall fail to meet its maintenance or repair obligations under this Section 5, the Association or Master Association shall have the right (but not the obligation) to perform such maintenance or repair on behalf of such Owner, to enter upon such Owner's Unit to the extent reasonably necessary to do so, and to recover from such Owner the cost of such maintenance or repair, including, without limitation, by imposition and collection of a Specific Assessment.

f. Contribution. The right of any Owner to contribution from any other Owner under this Section 5 shall be appurtenant to the land and shall pass to the successors-in-title of both Owners.

6. **Enforcement of Age Restriction.** The age and occupancy restrictions set forth in the Victory District CC&R's are intended to comply to the fullest extent with applicable law and regulation, and each Owner must ensure that all occupants of the Victory District fully comply with all restrictions at all times. However, over time, there is no guarantee that the age and occupancy restrictions will remain in effect as presently written. The age and occupancy restrictions may change as a result of state or federal legislative or court action, or they may be terminated by action of a state or federal agency or court if the Association fails to provide successful enforcement of the restrictions. Therefore Declarant and each Builder make no assurances that applicable law or regulations, or the age and occupancy restrictions set forth in the Victory District CC&R's, will remain unchanged throughout the life of the Victory District.

7. **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 Victory District CC&R's, the Covenant and the Charter.

8. **Incorporation of Declarations.** The Victory District CC&R's 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 Victory District CC&R's. In the event of any conflict between the terms of the Victory District CC&R's and the terms of this Supplemental Declaration, the terms of the Victory District CC&R's shall control.

9. **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 Victory District CC&R's remains in effect.

10. **Amendment.** Except as otherwise provided herein, this Supplemental Declaration may be amended as provided in Section 2.3 of the Victory District CC&R's.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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

FOUNDER:

VERRADO ARC, LLC,
an Arizona limited liability company

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

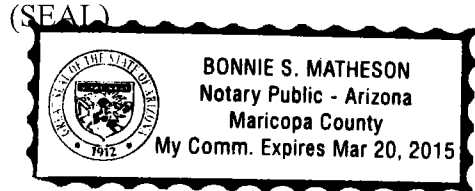
By: *Nick Taratsas*

Its: SVP

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 14th day of January, 2014, by Nick Taratsas, the Senior Vice President of DMB Associates, Inc., an Arizona corporation, in its capacity as Manager of VERRADO ARC, LLC, an Arizona limited liability company, for and on behalf thereof.

Bonnie Matheson
Notary Public



TRUSTEE:

FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation, acting not in its corporate capacity but solely as Trustee under its Trust No. B176

By: Brenda Tucson

Name: BRENDA TUCSON

Its: Trust officer

STATE OF ARIZONA)
) ss.
County Of Maricopa)

The foregoing instrument was acknowledged before me this 14 day of January, 2014, by BRENDA TUCSON, the TRUST OFFICER, of FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation, acting not in its corporate capacity but solely as Trustee of its Trust No. B176, on behalf of the corporation.

(SEAL) April 17, 2017

Joe A. Gutierrez, Jr.
Notary Public



JOE A. GUTIERREZ, JR.
Notary Public - Arizona
Maricopa County
Expires 04/17/2017

Exhibit "A"

Legal Description of the Parcel

Lots 101 through 130, inclusive, Lots 201 through 254, inclusive, Lots 301 through 336, inclusive, Lots 401 through 422, inclusive, Lots 501 through 576, inclusive, Lots 601 through 650, Lots 701 through 708, inclusive, Lots 801 through 881, inclusive, Lots 901 through 960, inclusive, and Lots 1001 through 1019, inclusive, and Tracts A1, A2, A3, A4, B1, B2, B3, B4, C1, C2, C3, D1, D2, D3, D4, E1, E2, E3, E4, F1, F2, F3, G1, G2, G3, H1, H2, H3, I2, I3, J1, J2, J3, K1, K2, K3, L1, L2, L3, M1, M2, M3, M4, M5, M6, M7, N1, N2, N3, O1, O2, O3, P1, P2, Q1, Q2, Q3, R1, R2, R3, S1, S2, S3, T1, T2, T3, U2, U3, V1, V2, V3, W1, W2, W3, X1, X2, X3, Y1, Y2, Y3, Z1, Z2, Z3, as set forth on the Final Plat for VERRADO VICTORY DISTRICT – PHASE 1 recorded in Book 1172, page 11, official records of Maricopa County, Arizona