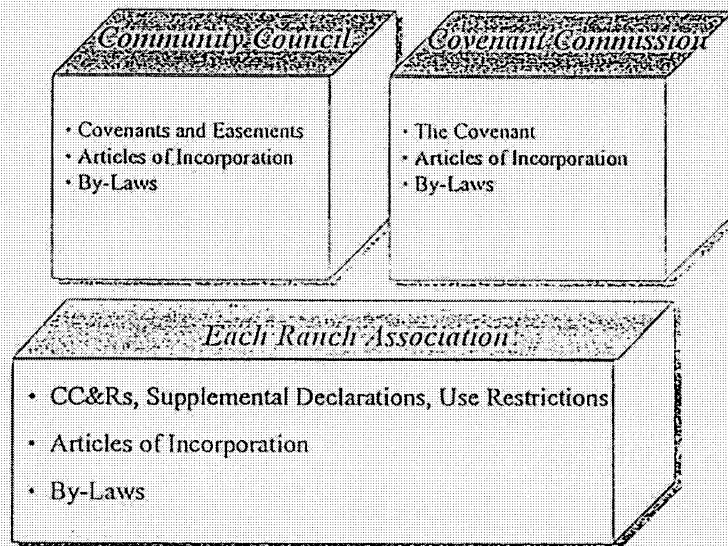


The following diagram is an overview of the documents that will govern the affairs of each component of DC Ranch:



Article I CREATION OF THE COMMUNITY

1.1 Mission Statement for the Community. Declarant intends to establish a balanced, cohesive community accommodating a mix of residential and other land uses and activities in order to create a sense of community and to provide ways and means for the residents of that community to be involved in their own neighborhood and in the Scottsdale community around them. The mission of the Community Council, therefore, is to embody, reflect, and carry forward the general design for and goals of DC Ranch and to take such actions as it deems necessary to accomplish these goals. Going beyond the physical development and preservation of the land, the Community Council's mission is to perpetuate this sense of community life and spirit and to be responsible for and involved in programs and activities which contribute positively to its residents and to the region of which it is a part.

1.2 Development Intent. Declarant hereby declares that all property within the Properties shall be held, sold, used, and conveyed subject to the covenants, conditions, and restrictions, each of which shall run with title to the land, contained in this Declaration. This Declaration shall be binding on and shall inure to the benefit of all parties having any right, title, or interest in the Properties or any part thereof, their heirs, successors, successors-in-title, and assigns.

Other property may be subjected to this Declaration in accordance with Section 15.2. Such property may be subjected on a phase-by-phase basis or in its entirety. Any such property may be subjected, in the sole discretion of the party subjecting such property, to other covenants,

contracts, or agreements, including, without limitation, The Covenant, and Ranch Association covenants, conditions, and restrictions.

The Community Council is not and is not intended to be a homeowners association, but is organized as a civic league under Section 501(c)(4) of the Internal Revenue Code (for purposes of this Section, referred to as a "501(c)(4) organization") to serve the common good and general welfare of DC Ranch. Notwithstanding the fact that the Community Council is organized as a 501(c)(4) organization, should the Board determine that it is no longer feasible for, or in the best interest of, the Community Council to be organized pursuant to Section 501(c)(4) of the Internal Revenue Code, the Community Council shall have the authority, in its sole discretion, to abandon its status as a 501(c)(4) organization and reorganize, as necessary, as another type of organization, which may or may not have tax-exempt status.

1.3 Governing Documents. The governing structure for DC Ranch consists of the Community Council and one or more community associations having jurisdiction over separate portions of the Properties. The Community Council shall have jurisdiction over all the Properties.

The Community Council Governing Documents set forth the standards for the Properties, other than design and development standards. Similar documentation for various community associations, which will include one or more Ranch Association and perhaps other entities, shall, subject to the terms of this Declaration, govern the respective associations; however, this Declaration and the Community Council shall at all times be superior to any other declaration or similar instrument and any such association.

Nothing in this Section shall preclude any supplemental declaration, other Recorded covenants, or subdivision plat applicable to any portion of the community from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration; provided, any Person who seeks to impose such restrictions shall comply with Section 14.3 of this Declaration.

Article II DEFINITIONS

The terms used herein shall be given their normal, commonly understood meanings unless otherwise specified. Capitalized terms used herein shall be defined as follows:

2.1 "Area of Common Responsibility": The property for which the Community Council assumes responsibility pursuant to a written agreement executed by the Community Council and Recorded, from time to time. The Area of Common Responsibility may include land the Community Council owns or leases and land it does not own but for which it has assumed responsibility pursuant to any written instrument. The Area of Common Responsibility shall include, without limitation, site maintenance on areas containing City of Scottsdale water tanks if the Community Council has assumed operation and maintenance responsibility by separate agreement.

2.2 "Articles": The Articles of Incorporation of DC Ranch Community Council, as filed with the Office of the Secretary of the State of Arizona.

2.3 "Board of Directors" or "Board": The body responsible for administration of the Community Council.

2.4 "Builder": Any Person who purchases one or more Units, as that term is defined in the governance documents of the various Ranch Associations, for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within the Properties for further subdivision, development, and resale in the ordinary course of such Person's business. DC Ranch L.L.C. shall be deemed a Builder for the purposes of application of Section 6.4.

2.5 "Bylaws": The Bylaws of DC Ranch Community Council, as they may be amended from time to time.

2.6 "Commercial District": A group of individually owned properties designated as a separate Commercial District for purposes of sharing expenses associated with portions of the Area of Common Responsibility which primarily benefit the Commercial District or receiving other benefits or services from the Community Council which are not provided to other areas within the Properties. A Commercial District may include noncontiguous parcels of property.

If the Community Council provides benefits or services to less than all individually owned property within a particular Commercial District, then the benefited individually owned properties shall constitute a sub-Commercial District for purposes of determining and levying Commercial District Assessments for such benefits or services. Commercial District boundaries may be established and modified as provided in Article VII.

2.7 "Commercial District Assessments": Assessments levied against the individually owned property in a particular Commercial District to fund Commercial District Expenses, as described in Section 9.6.

2.8 "Commercial District Expenses": The actual and estimated expenses which the Community Council incurs or expects to incur for the benefit of owners of individually owned property within a particular Commercial District or Commercial Districts, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may specifically be authorized pursuant to this Declaration.

2.9 "Common Expenses": The expenses incurred or anticipated to be incurred by the Community Council for the general benefit of DC Ranch including any reasonable reserve, as the Community Council may find necessary and appropriate pursuant to the Community Council Governing Documents.

2.10 "Community Council Governing Documents": This Declaration, any applicable Supplemental Covenants, the Bylaws, the Articles, and any rules or regulations adopted by the Board, as all of the foregoing may be amended.

2.11 "Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing throughout the Properties at any time. Such standard may contain both subjective and objective elements. Subjective elements of the Community-Wide Standard are determined by the Board and shall provide the basis for the objective elements. Objective elements of the Community-Wide Standard shall be established initially by Declarant and may be more specifically defined by the Community Council Governing Documents, the budget, the levels of maintenance, and other factors. The Community-Wide Standard may evolve as development progresses and as needs and demands change in response to, among other things, shifting demographics, advances in technology, and environmental pressures.

2.12 "Covenant to Share Costs": One or more Recorded Declaration(s) of Easements and Covenant to Share Costs executed by Declarant or the Community Council pursuant to Section 13.3. The Covenant to Share Costs creates certain easements for the benefit of the Community Council and present and future owners of real property subject to such Covenant to Share Costs and obligates the Community Council and such owners to share the costs of maintaining certain property described in such Covenant to Share Costs.

2.13 "Declarant": DC Ranch L.L.C., an Arizona limited liability company, any successor, successor-in-title, or assignee of DC Ranch L.L.C. who has or takes title to any portion of the property described in Exhibit "A" or "B" for the purpose of development and/or resale in the ordinary course of business and who is designated as Declarant in a Recorded instrument executed by the immediately preceding Declarant.

2.14 "General Assessment": The annual assessments levied on all individually owned properties subject to assessment under this Declaration to fund Common Expenses for the general benefit of the DC Ranch community.

2.15 "Person": A natural person, a corporation, a partnership, a limited liability company, a trustee, an unincorporated association, or any other legal entity.

2.16 "Properties": The real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Section 15.2.

2.17 "Ranch Association": Any commercial, residential, or other community association comprised of owners of real property within DC Ranch which may be formed for the purpose of administering a common set of covenants, conditions, and restrictions pertaining to such real property and which has the power to assess each of its members for its own common expenses, including, but not limited to, expenses of the Community Council, as described herein. Ranch Associations shall be designated as such by Declarant. The term shall not include "subassociations" within Ranch Associations.

2.18 "Record," "Recording," or "Recorded": To file, filing, or filed of record in the Official Records of the Maricopa County Recorder's Office, Maricopa County, Arizona. The date of Recording shall refer to that time at which a document, map, or plat is Recorded.

2.19 "Special Assessment": Assessments levied in accordance with Section 9.7.

2.20 "Specific Assessment": Assessments levied in accordance with Section 9.8.

2.21 "Supplemental Covenants": An instrument Recorded pursuant to Article XIV which subjects additional property to this Declaration, designates Commercial Districts, and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument.

CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Each Ranch Association establishes standards and conducts activities for the property under its responsibility. The Community Council establishes and supports those standards and activities which have community-wide application. It encourages, funds, and implements programs in furtherance of those standards for the entire DC Ranch community.