

Article V
THE COMMUNITY COUNCIL

5.1 Function of the Community Council. The Community Council shall (a) be responsible for management, maintenance, operation and control of the Area of Common Responsibility; (b) be the primary entity responsible for compliance with and enforcement of this Declaration and such reasonable rules regulating use of the Properties as the Board may adopt; and (c) be authorized to provide for and fund such community activities and services as it deems necessary, appropriate or desirable in accordance with the Community Council Governing Documents, or as may be required by Maricopa County, Arizona.

The Community Council shall engage in activities which will actively foster and promote the common good and general welfare of the community and its users and shall perform

its functions in accordance with the Community Council Governing Documents, the Arizona laws, and Section 501(c)(4) of the Internal Revenue Code, as amended from time to time.

5.2 Organization of the Community. Declarant has established a plan for DC Ranch which is to be administered by the Community Council. Declarant strives, among other things, to protect and preserve open space and the natural environment of the DC Ranch region while providing for educational, recreational, and cultural opportunities for the residents and neighbors of DC Ranch. The Community Council may delegate such responsibilities to committees, employees, or outside professionals.

Each owner, by acceptance of an interest in any part of the Properties, acknowledges that to accomplish these goals, it is imperative that each portion of the community be subjected to additional covenants and restrictions. The covenants and restrictions set forth herein shall not prevent or restrict a developer or Builder within the community from imposing additional or more restrictive covenants. However, no Person shall impose additional covenants or restrictions that are in derogation of or contrary to this Declaration, the goals for DC Ranch as determined by Declarant or the Community Council, or the purposes for which the Community Council has been established.

Every Person shall have the affirmative obligation to obtain the written consent of Declarant, so long as Declarant owns any property described in Exhibit "A" or Exhibit "B," and thereafter the Community Council, prior to making any dedication or Recording any declaration of covenants, conditions, and restrictions; subdivision plat; declaration of condominium; or similar instrument affecting the Community Council or any portion of the property described in Exhibits "A" and "B." Any attempted dedication or Recordation of any covenants, conditions, and restrictions; subdivision plat; declaration of condominium; or similar instrument containing any such dedication without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by Recorded consent signed by Declarant, so long as Declarant owns any property described in Exhibit "A" or Exhibit "B," or the Community Council thereafter.

In addition to the Community Council, the other governing bodies within DC Ranch shall include The Covenant Commission and one or more Ranch Associations, as provided above in the portion of this Declaration entitled "Introduction to Community's Purpose and Declaration." The Community Council, The Covenant Commission, and the Ranch Association(s) may, but need not, have a common administrative staff.

5.3 Composition. There are no shareholders or members of the Community Council.

5.4 Voting. All voting in the Community Council shall be as provided in the Bylaws. Except as specifically provided in the Community Council Governing Documents, there are no rights to vote in the Community Council.

5.5 Format, Powers and Functions of Governing Board. The Community Council shall act through its Board of Directors. The Board shall have all the powers provided under Arizona law and may exercise such powers in its business judgment in order to accomplish the goals and objectives of the Community Council and the DC Ranch community as set forth in this Declaration and in resolutions the Community Council may adopt. These goals and functions shall include creative uses of the Area of Common Responsibility and amenities to draw people together and shall include programs and processes meeting the needs of heterogeneous groups while retaining the overall homogenous quality of the DC Ranch community.

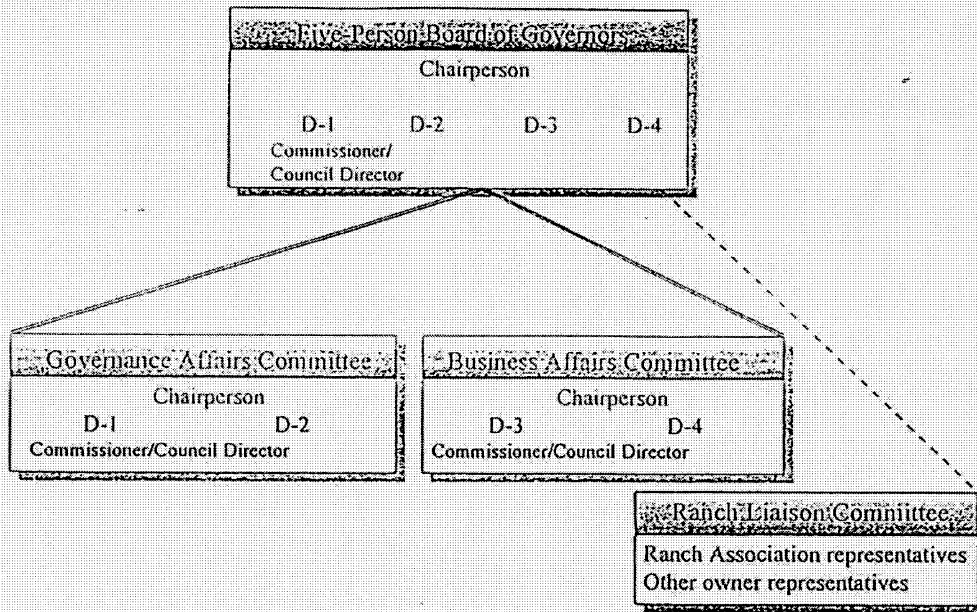
The Community Council, acting as a board of directors as contemplated under Arizona law, shall consist of five persons comprised of a chairperson and four others. One of the five shall also be a member of The Covenant Commission (the "Commissioner/Council Director"). The identity of the Commissioner/Council Director shall be determined in the sole discretion of Declarant so long as Declarant has the right, in accordance with The Recorded Covenant at DC Ranch, to appoint members of The Covenant Commission. After Declarant no longer has the right to appoint and remove members of The Covenant Commission, the member of The Covenant Commission who shall also serve as the Commissioner/Council Director shall be determined in the Board's sole discretion.

The Community Council, in its discretion, may delegate responsibility for the conduct of some or all of its day-to-day activities to two committees, each consisting of three members as appointed by the chairperson who shall serve as one member of each. One committee shall be primarily responsible for the business affairs of the Community Council (known as the "Business Affairs Committee"). The other committee, which shall include the Commissioner/Council Director, shall be primarily responsible for the governance affairs of the Community Council (known as the "Governance Affairs Committee"). Each committee's actions shall be governed and tested by the standard of care set forth in Section 5.6 below.

Upon the request of officers of at least one Ranch Association, or the Board's receipt of a petition signed by a majority of all commercial owners subject to assessment in accordance with Section 9.10 and Exhibit "C", which is incorporated herein by this reference, or a 60% vote of the Board, decisions of either committee may be appealed to the entire five-person Community Council which shall then reconsider the issue at its next regular or special meeting. A request for reconsideration shall serve as an automatic stay in the implementation of the action under review.

The Community Council also shall meet with the Ranch Liaison Committee, which will act as a liaison for the exchange of ideas between the Community Council and owners of property subject to this Declaration, as more particularly described in Section 6.8.

The following diagram depicts the relationships between the Community Council, its Business Affairs Committee, its Governance Affairs Committee, and the Ranch Liaison Committee:



The Community Council is authorized, but not obligated, to utilize computer voting and to employ cable television and other electronic methods for its meetings, assessment collection and other appropriate activities so as to provide the broadest possible, relevant participation or observation of its decision making processes.

5.6 Standard of Care. In all actions by a member of the Board of Directors in connection with the authority and powers granted to the Board by the Community Council Governing Documents, including but not limited to, management, personnel, maintenance and operations, interpretation and enforcement of the Community Council Governing Documents, the development of rules and restrictions, insurance, contracts and finance, and design review such director shall act in good faith, in a manner such director believes is in the best interests of the DC Ranch Community and with the care an ordinarily reasonable person in a like position would exercise under similar circumstances.

When performing his/her duties, a director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by any of the following, so long as the director acts without knowledge that would cause such reliance to be unwarranted:

(a) one or more officers or employees of the Association whom the director believes are reliable and competent in the matters presented;

(b) legal counsel, public accountants or other Persons as to matters which the director believes to be within such Person's professional or expert competence;

(c) a committee of or appointed by the Board, of which the director is not a member as to matters within its designated authority, which committee the director believes to merit confidence;

This section is intended to be a restatement of the business judgment rule established in applicable law as it applies to the Community Council. All amendments, modifications, restatements and interpretations of the business judgment rule applicable to the Community Council shall be interpreted to amend, modify, restate or interpret this section.