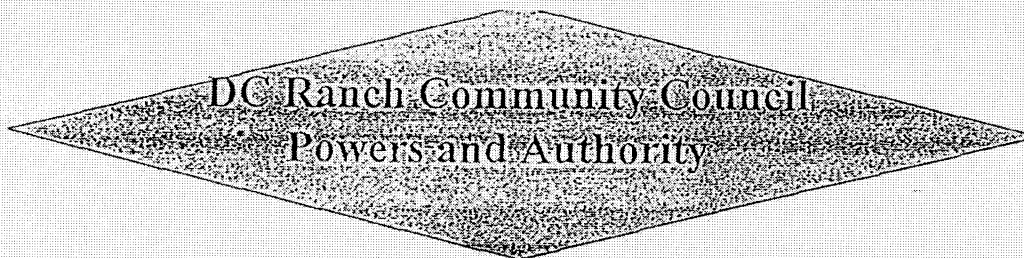


Article VI
COMMUNITY COUNCIL'S POWERS AND RESPONSIBILITIES

6.1 Introduction to Community Council Goals and Objectives. The mission and basic goals of the Community Council are set forth in Article I. The Community Council's function is similar to that of a council of governments since its constituents are various owners groups and associations which themselves have business and governmental roles and responsibilities. Additionally, however, it has a regulatory and supervisory power over the entire DC Ranch community to ensure compliance with the Community-Wide Standard and the elements of conduct deemed to be of community-wide significance.

The following diagram is a summary of the powers and authority of the DC Ranch Community Council:



- ⊗ Provides services to community & third parties
- ⊗ Requires or prohibits actions community-wide
- ⊗ Coordinates childhood and adult education programs
- ⊗ Implements community clubs and volunteer clearinghouses
- ⊗ Implements health and wellness programs
- ⊗ Establishes regulations, restrictions, and controls for environmental and wildlife
- ⊗ Coordinates cultural and artistic programs & activities

The ultimate responsibility of the Community Council is to be a catalyst for the creation of a sense of community and community activities at DC Ranch. To accomplish these goals, the Community Council has express and implied powers in furtherance of those goals which include but are not limited to:

- providing services and facilities, including, without limitation, recreational facilities and programs, open space preservation and management, and property management, to the community, to groups within the community, and to those beyond DC Ranch's boundaries
- maintaining the Area of Common Responsibility and other property for which the Community Council has assumed maintenance responsibility pursuant to this Declaration or any agreement executed and Recorded by the Community Council
- using its enforcement power to cure any situation which the Community Council deems, in its sole discretion, to be an unreasonable source of annoyance within the DC Ranch community by enforcing maintenance obligations of the Ranch Association(s) which arise from this Declaration
- using its enforcement power to abate any other condition existing in violation of the Community Council Documents or the declaration, bylaws, or articles of incorporation of any Ranch Association that the Community Council deems to be an unreasonable source of annoyance or nuisance to the DC Ranch community
- supporting the arts and sponsoring cultural programs and activities
- coordinating educational activities both of a private and a cooperative public nature
- coordinating health and wellness programs and encouraging activities appropriate to the various age and other groups within the community
- exploring ways and means to utilize technology to maximize the quality of life and the opportunities for work, play, and residence within the community
- utilizing innovative financing techniques, including the power to borrow funds, the use of different assessment levels and formulas depending on the nature of the service provided, and the use of transfer fees and user fees
- encouraging residents and those who work in DC Ranch to become volunteers in the DC Ranch community and in the surrounding community
- engaging in cooperative activities with other community associations and public agencies

- establishing and interacting with tax-exempt organizations for educational, cultural, environmental, recreational, preservation, or other community benefiting activities
- establishing and implementing programs, services, and activities designed to address transportation issues within DC Ranch and the surrounding area

A. Management and Control.

6.2 Acceptance and Control of Community Council Property. The Community Council may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Community Council improved or unimproved real estate located within the Properties, personal property and leasehold and other property interests. The Community Council shall accept any such property conveyed by Declarant, subject to any restrictions set forth in the deed, including but not limited to restrictions governing the use of such property. The Community Council thereafter shall maintain such property conveyed by Declarant as Area of Common Responsibility, and the expenses associated with such property shall be treated as a Common Expense.

The Community Council may convey to one or more Ranch Associations tangible and intangible personal and real property. The Ranch Association(s) shall accept any such conveyance. The Community Council also shall have the power to require any Ranch Association to which the Community Council conveyed personal or real property to re-convey the property to the Community Council. The Ranch Association(s) shall re-convey any such property to the Community Council upon the request of the Community Council.

In addition, the Community Council shall have the power to delegate to one or more Ranch Associations any obligations or responsibilities associated with property owned by the Community Council or any Ranch Association. The Ranch Association(s) shall assume any such delegated obligations or responsibilities. In addition, the Community Council, in its sole discretion, shall have the power to re-assume any such obligations or responsibilities that it previously delegated to any Ranch Association. Upon the Community Council's re-assuming any such obligations or responsibilities, the Ranch Association shall be released from such obligations and responsibilities.

6.3 Maintenance. The Community Council shall maintain and keep in good repair the Area of Common Responsibility, including, without limitation, areas for which design is fixed pursuant to community or planning unit Environmental Design Master Plans. The Community Council shall have no responsibility for maintenance of privately owned property, but it may do so in appropriate circumstances.

The Community Council may maintain and improve property which it does not own, including, without limitation, property dedicated to public use, if the Community Council

determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard and if otherwise permitted by applicable law.

The Community Council shall implement and maintain community and planning unit drainage plans for DC Ranch, to the extent such plans fall within the Area of Common Responsibility.

The Community Council may assume the maintenance responsibilities of any Ranch Association, if any Ranch Association does not maintain in a manner consistent with the Community-Wide Standard areas for which the Ranch Association has maintenance responsibility or areas owned by the Ranch Association, including, without limitation, public areas and common boundaries between Ranch Associations. In such event, the Community Council shall have the right to enter upon such property and perform such maintenance. In the event the Community Council assumes such maintenance responsibility, the Community Council shall charge the Ranch Association therefor. This assumption shall not extend to general streetscapes within any Ranch Association nor to any privately owned property.

Except as otherwise specifically provided herein, all costs of maintenance, repair and replacement of the Area of Common Responsibility and all costs of implementation, maintenance, repair, and replacement of elements of the drainage plan shall be a Common Expense allocated as part of the General Assessment, without prejudice to the right of the Community Council to seek reimbursement from the Persons responsible for the need of such work pursuant to this Declaration, other Recorded covenants, or agreements with such Persons.

6.4 Transfer Fees. Subject to the limitations of this section the Community Council shall be authorized to charge transfer fees in order to fund the operation of the Community Council and its purpose, including all activities, services, programs, duties and obligations created or permitted under the Community Council Governing Documents. All of the conditions precedent and contingencies to the exercise of this authority, contained in the Community Council Governing Documents, have been satisfied.

The Community Council shall have the sole discretion to determine the amount and method of determining any such transfer fee, which may, but is not required to, be determined based upon a sliding scale which varies in accordance with the "Gross Selling Price" of the property or another factor as determined by the Community Council; provided, any such transfer fee shall be equal to an amount not greater than one-half of one percent (0.50%) of the Gross Selling Price of the property. For the purpose of determining the amount of the transfer fee, the Gross Selling Price shall be the total cost to the purchaser of the property, excluding taxes and title transfer fees as shown by the amount of tax imposed by the State of Arizona and Maricopa County. Monies obtained from such transfer fees shall be used by the Community Council for the benefit of the DC Ranch community as determined in the business judgment of the Community Council, and such uses may include, without limitation, contributions to one or more tax-exempt organizations.

Notwithstanding the above, transfer fees shall not be levied in the following instances:

- (i) Conveyance of property from Declarant to a Builder;
- (ii) Conveyance of property from one Builder to another Builder;
- (iii) Conveyance of property from a Builder to the first owner thereof other than Declarant or a Builder;
- (iv) Conveyance of property to a trust, partnership, corporation, or other entity so long as such entity is and remains wholly-owned by the grantor or by such grantor and the grantor's spouse and/or children; provided, if the immediately preceding conveyance of the property was exempted from payment of the transfer fee pursuant to this subsection, then this exception shall not apply and the property shall be subject to payment of the transfer fee;
- (v) Conveyance of a property by a grantor or such grantor's estate to the grantor's spouse and/or children; provided, if the immediately preceding conveyance of the property was exempted from payment of the transfer fee pursuant to this subsection, then this subsection shall not apply and the property shall be subject to payment of the transfer fee;
- (vi) Conveyance of an undivided interest in a property by the grantor to any then existing co-owner(s) of such property; and
- (vii) A bona fide transfer of property to any institution due to the foreclosure of a loan.

All transfer fees shall be paid by the seller at the closing of the transfer and shall be a continuing lien upon each property until paid and may be collected by the Community Council by any means available at law or in equity.

6.5 Use and Consumption Fees. The Community Council may provide services and facilities or may contract with any Person to provide services or facilities to the DC Ranch Community. The Community Council shall have the authority to charge use and consumption fees to any Person, regardless of whether such Person owns property at DC Ranch, for the services and facilities provided. In its sole discretion, the Community Council shall set the amount of any such use or consumption fees, which may be based upon a flat fee, monthly charge, per use charge or any other reasonable basis. With the exception of Builders and Declarant, no owner of property at DC Ranch shall be exempt from the obligation to pay for such services based upon non-use or any other reason. Prior to providing any such service or facility for which the Community Council will charge a use or consumption fee, the Community Council shall notify the potential consumer that a use or consumption fee is applicable to the facility or service provided. Upon request, the Community Council may provide increased levels of service or additional services to any Person and may charge an increased use or consumption fee for such increased level of service or additional services. The Community Council shall use any use

or consumption fees it collects to exercise its powers, duties, or authority in accordance with this Declaration or the Bylaws.

6.6 Implied Rights: Community Council Authority. The Community Council may exercise any right or privilege given to it expressly by this Declaration or the Bylaws or which may be reasonably implied from, or reasonably necessary to effectuate, any such express right or privilege. Except as otherwise specifically provided in the Community Council Governing Documents, or by law, all rights and powers of the corporation may be exercised by the Board.

6.7 Powers of the Community Council Relating to Ranch Associations. Units, as that term is defined in the governance documents of the various Ranch Associations, within a particular Ranch Association shall be subject to additional covenants set forth in the declaration administered by that Ranch Association. Such additional covenants may be more restrictive than this Declaration, but under no circumstances shall they be in derogation of any provision of this Declaration. The Community Council shall have the power to veto any action taken or contemplated to be taken by any Ranch Association which the Community Council reasonably determines to be adverse to the interests of the community or the Community Council or inconsistent with this Declaration or the Community-Wide Standard.

The Community Council also shall have the power to require that specific action be taken by any Ranch Association in connection with its obligations and responsibilities hereunder or under other covenants affecting the community. Without limiting the generality of the foregoing, the Community Council may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by the Ranch Association, and (b) require that a proposed budget include certain items and that expenditures be made therefor.

Any action required by the Board in a written notice pursuant to the foregoing paragraph shall be taken within the reasonable time frame set by the Board in such written notice. If the Ranch Association fails to comply with the requirements set forth in such written notice, the Community Council shall have the right to effect such action on behalf of the Ranch Association.

To cover the Community Council's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Community Council, the Community Council shall assess the privately owned property in such Ranch Association for its pro rata share of any expenses incurred by the Community Council in taking such action in the manner provided in Section 9.8. Such assessments may be collected as a Specific Assessment hereunder and shall be subject to all lien rights provided for in Article IX.

6.8 Ranch Liaison Committee. The Community Council shall appoint one or more members of each Ranch Association and one or more owners of property that is subject to this Declaration but who are not members of any Ranch Association to the Ranch Liaison Committee (the "RLC"), which shall act as a liaison for the exchange of ideas between the Community Council and owners of property subject to this Declaration. The Community

Council shall meet with the RLC on a regular basis, in accordance with a schedule determined in the sole and absolute discretion of the Community Council. In any event, the Community Council shall meet with the RLC at least once annually.

The RLC shall exercise such powers and authority as the Community Council may grant to the RLC from time to time but shall have no authority to bind the Community Council. The members of the RLC shall be appointed and may be removed and replaced by the Board in its sole and absolute discretion. The number and term of office of members of the RLC shall be determined at the sole and absolute discretion of the Board.

6.9 Permits for Special Events. From time to time groups or Persons, including, without limitation, the Community Council; Ranch Associations; charter clubs; educational, cultural, or religious organizations; and volunteer organizations may desire to sponsor special events within DC Ranch. The Community Council shall have the authority to issue permits granting to such groups or Persons, their guests, invitees, employees, agents, contractors, and designees, a nonexclusive license of access and use over some or all of the roadways and Community Council-owned property within DC Ranch and over those portions of DC Ranch (whether Community Council-owned property or otherwise) reasonably necessary to the operation of the special event. The Community Council may also issue permits which authorize the sponsor and its guests and invitees the right to park vehicles on the roadways located within DC Ranch at reasonable times before, during, and after the special event.

6.10 Delegation and Directives. The Community Council may delegate to one or more Ranch Associations one or more of the powers, rights, functions, responsibilities, or obligations which the Community Council Governing Documents grant to the Community Council. Any Ranch Association to which the Community Council delegates any such power, right, responsibility, or obligation shall accept such delegation. Any such delegation shall be (a) in the form of a written, Recorded agreement, executed by the Community Council, evidencing such delegation; (b) in the form of a Recorded supplemental declaration, approved by the Community Council, which establishes any of the subject Ranch Association's delegated powers, rights, functions, responsibilities, or obligations; or (c) set forth in a Recorded subdivision plat or other declaration approved by the Community Council.

The Community Council may, in its sole discretion, revoke all or a part of any such delegation of powers or responsibilities at any time. Any such revocation shall be in the form of a written, Recorded agreement, executed by the Community Council. In the event of such a revocation, the revoked powers and obligations shall again be vested in the Community Council. Unless and until the Community Council delegates a portion of its powers, rights, responsibilities, or obligations, no Ranch Association shall have jurisdiction over such matters.

In addition, the Community Council may require that any Ranch Association provide specific services or perform specific actions for the benefit of the DC Ranch community or the members of such Ranch Association. Any Ranch Association shall comply with any such directive issued by the Community Council.

In the event that any Ranch Association requests that the Community Council provide a specific service or program, the Community Council shall have the authority to direct such Ranch Association to provide such service or program. The Ranch Association shall comply with any such directive.

B. Community and Governance.

The Community Council may provide services, to implement and maintain programs, and to take the actions referenced in Sections 6.11 through 6.22. This shall not constitute a representation or warranty that such services will be provided, that such programs will be implemented, or such actions will be taken as described in the aforementioned sections.

6.11 Provision of Services. The Community Council may provide services and facilities to the DC Ranch community and to any third parties. The Community Council shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant or an affiliate, to provide such services and facilities. Occasionally, the Community Council may publish a list setting forth the amounts of use or consumption fees to be charged for such services and facilities. The Community Council shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. The Community Council also may adopt reasonable rules and regulations for the access to, and use of, facilities, services and programs provided pursuant to Sections 6.11 through 6.22 of this Declaration. Nothing contained herein is a representation as to what services and facilities will or will not be provided.

The Community Council shall conduct a periodic needs assessment of the programs, services, activities and facilities provided pursuant to Sections 6.11 through 6.22 of this Declaration. The Community Council shall have the authority to develop and adopt procedures to conduct the needs assessment. The purpose of the needs assessment is to evaluate existing services and programs as well as determine the need, or desire, for new programs and services. In conducting the review, the Community Council's goal will be to maintain programs and services that are needed and/or useful, improve existing programs and services where appropriate, eliminate programs and services that are ineffective or underutilized, and develop new programs and services as needed. The needs assessment shall be conducted by the Community Council at least every three years commencing from the date on the signature page of this Declaration unless such earlier or more frequent time period is set in the discretion of the Community Council.

6.12 Governmental, Health and Wellness, Educational and Religious Interests. So long as Declarant owns any property described in Exhibit "A" or "B," it may designate sites within the Properties for government, health and wellness, education, or religious activities and interests, including, but not limited to, fire, police, utility facilities, schools or education facilities, houses of worship, libraries, parks, art, nature study, museum, and other public facilities. The sites may include Areas of Common Responsibility and, in such case, the Community Council shall dedicate and convey those sites which it owns as directed by Declarant, and no approval shall be required.