

Article IX
OBLIGATION TO SHARE COSTS

9.1 Responsibility for Assessments. Each owner of any property subject to this Declaration, whether or not it shall be expressed in any deed, covenants and agrees to pay its pro rata share of any assessment levied by the Community Council pursuant to the terms of this Declaration to cover a portion of the costs incurred by the Community Council in discharging any of its duties and activities.

Notwithstanding any other provision of this Declaration, the property described in Exhibit "D," which consists of a golf course and related facilities, shall not be subject to assessment under this Declaration. However, such property shall be subject to any Covenant to Share Costs which obligates the owner of such property to share the costs of the Community Council's activities. In its sole discretion, Declarant may amend Exhibit "D" from time to time to reflect any change in boundaries of such golf course and related facilities.

The obligation to pay assessments hereunder shall be a separate and independent covenant on the part of each owner, and no diminution or abatement of the assessment or setoff shall be claimed or allowed by reason of any alleged failure of the Community Council to perform its responsibilities adequately hereunder, to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action the Community Council or Board takes. The sole remedy of any owner or any Ranch Association for failure of the Community Council to perform

shall be a resolution of the dispute in accordance with the procedures set forth in this Declaration, if applicable, or a suit at law or in equity.

9.2 Creation of and Obligation for Assessments.

(a) Purposes and Types. There are hereby created, and the Community Council is hereby authorized to levy, assessments for expenses incurred or anticipated to be incurred by the Community Council in performing its responsibilities and exercising its rights and powers under this Declaration, the Articles and the Bylaws. Such assessments shall commence at the time and in the manner set forth in Section 9.10.

There shall be four types of assessments: (i) General Assessments as described in Section 9.4; (ii) Commercial District Assessments, as described in Section 9.6; (iii) Special Assessments as described in Section 9.7; and (iv) Specific Assessments as described in Section 9.8. Each owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the DC Ranch community, is deemed to covenant and agree to pay these assessments.

(b) Personal Obligation and Lien. All assessments, together with interest (computed from the due date of such assessment at a rate the Community Council may establish, subject to the limitations of Arizona law), late charges in such amount as the Community Council may establish by resolution (subject to the limitations of Arizona law), costs, and reasonable attorneys' fees, shall be a charge and continuing lien upon each property against which the assessment is made until paid, as more particularly provided in Section 9.9. Each such assessment, together with interest, late charges, costs, and reasonable attorneys' fees, also shall be the personal obligation of the person who was the owner of such property at the time the assessment (whether General, Special or Specific) arose. Upon a transfer of title, the grantee shall be jointly and severally liable with its grantor for any assessments and other charges due at the time of conveyance. However, no first mortgagee that who obtains title, directly or through an affiliate, by exercising the remedies provided in its mortgage, or any other Person purchasing at a foreclosure sale pursuant to a first mortgage, shall be liable for unpaid assessments which accrued prior to such acquisition of title.

Upon written request of a property owner in DC Ranch, a lienholder of the property owner, or a Person designated by such property owner, the Community Council shall furnish a statement setting forth the amount of any unpaid assessment against the owner's property. The Community Council shall furnish the statement within 15 days after receipt of the request (unless another time period is designated by any amendments to A.R.S. Section 33-1807, any successor statute or any other applicable statute). The statement shall be binding on the Community Council, the Board of Directors and the other property owners in DC Ranch, if the statement is requested by an escrow agency licensed pursuant to Title 6, Chapter 7 of Arizona Revised Statutes. Failure to provide the statement to the escrow agent within the time provided for in this subsection shall extinguish any lien for any unpaid assessment then due. The Community Council may require the advance payment of a reasonable processing fee for the issuance of such statement.

Assessments shall be paid in such manner and on such dates as the Community Council may establish, which may include discounts for early payment or similar time/price differentials. The Community Council may require advance payment of assessments at closing of the transfer of title to an individually owned property and impose special requirements for owners with a history of delinquent payment.

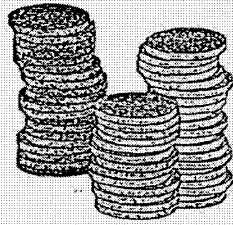
9.3 Declarant's Obligation for Assessments. Declarant may annually elect either to pay assessments, whether General, Special or Specific, on all of its unsold property or to pay the difference between the amount of assessments levied on all other property subject to this Declaration (and any assessments levied on other property obligated to contribute to the Community Council's expenses pursuant to a Covenant to Share Costs or other Recorded agreement) and the amount of actual expenditures by the Community Council during the fiscal year (the "budget deficit").

Regardless of Declarant's election, the property Declarant owns shall be considered in computing the General Assessment rate under Section 9.4, and the Community Council shall have a lien against property owned by Declarant to secure Declarant's obligations under this section, which lien shall have the same attributes and shall be enforceable in the same manner as the Community Council's lien against each individually owned piece of property under Section 9.9.

Unless Declarant otherwise notifies the Community Council, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. The reasonable valuation of any "in kind" contributions shall be fixed by Declarant.

9.4 Computation of General Assessments. At least 45 days before the beginning of each fiscal year, the Community Council shall prepare a budget covering the estimated Common Expenses during the coming year, including a capital contribution to establish a reserve fund as provided in Section 9.5 ("Budget"). The Budget shall include operational and administrative costs of the Community Council such as, by way of example and not limitation, the payment of insurance premiums, ad valorem taxes on property owned by the Community Council and salaries and related costs of personnel. The Budget shall take into account any cash balances of the Community Council going forward, and any amounts collected from owners of other property obligated to contribute to the Community Council's expenses pursuant to a Covenant to Share Costs or other agreement, and may consider income from sources other than General Assessments.

The following is a summary of the sources from which the Community Council may receive funding.



Community Council Funding Sources

- Assessment of residential and commercial property
- User fees
- Sanctions and other penalties
- Real estate transfer fees
- Permit fees
- 501(c)(3) entity contributions (funded assessments, fees, donors)
- Assessment of Declarant's property
- Advance on future assessment from Declarant
- Payments from golf club
- Donated funds from independent donors
- Donations by Declarant

So long as Declarant owns any portion of the DC Ranch community, it may reduce the General Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 9.3), which may be treated as either a contribution or an advance against future assessments due from Declarant, in Declarant's sole and absolute discretion. Any such subsidy shall be conspicuously disclosed as a line item in the Budget. The payment of such subsidy in any year shall under no circumstances obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Community Council and Declarant.

The amount of the annual General Assessment allocable to each individually owned property shall be in accordance with the formula set forth in Exhibit "C."

The Community Council shall send a copy of the Budget and notice of the amount of the General Assessment for the following year to each Ranch Association and commercial owner or commercial association, if any, at least 30 days prior to the beginning of the fiscal year for which it is to be effective. The Budget shall automatically become effective unless disapproved at a meeting by a 2/3 vote of the total number of Ranch Associations and 50% of commercial owners. At least a majority of each Ranch Association's membership shall have approved in accordance with the Ranch Association's voting procedures prior to any Ranch Association doing so. So long as Declarant owns any portion of the Properties or has the right to vote on this Declaration, no disapproval shall be effective without Declarant's joinder. If the Declarant's disapproval shall not be required to disapprove the program. The Budget described in Section 6.21 of this Declaration.

The Community Council shall have no obligation to call a meeting for the purpose of considering the Budget except (i) in the event only one Ranch Association exists at the time the Budget is sent, a 2/3 majority vote of the members of the Ranch Association in favor of meeting for the purpose of considering the Budget shall be required. The results of such vote to

be presented to the Community Council ten days after delivery of the Budget and notice of any assessment; (ii) in the event that two or more Ranch Associations exist at the time the Budget is sent, a petition of two or more Ranch Associations and 50% of all commercial owners subject to assessment in accordance with Section 9.10 and Exhibit "C" shall be required. Any such petition must be presented to the Community Council within ten days after delivery of the Budget and notice of General Assessment. If the Community Council fails for any reason to determine the Budget for any year, then until such time as a Budget is adopted, the Budget in effect for the immediately preceding year, increased by five percent, shall be the Budget for the current year.

9.5 Reserve Budget and Capital Contribution. The Community Council shall annually prepare a reserve budget which takes into account the number and nature of replaceable assets within the Area of Common Responsibility and each Commercial District, the expected life of each asset, and the expected repair or replacement cost. The Community Council shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected needs of the Community Council, as shown on the budget, with respect both to amount and timing by annual General Assessments over the budget period.

9.6 Budgeting and Allocating Commercial District Expenses. At least 45 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Commercial District Expenses for each Commercial District on behalf of which Commercial District Expenses are expected to be incurred during the coming year. Each such budget shall include any costs for additional services or a higher level of services which the owners in such Commercial District have approved pursuant to Article VII and any contribution to be made to a reserve fund pursuant to Section 9.5. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the individually owned property, and the amount required to be generated through the levy of Commercial District and Special Assessments against the individually owned property in such Commercial District.

The Community Council is hereby authorized to levy Commercial District Assessments in accordance with the formula set forth in Exhibit "C" against all individually owned property in the Commercial District which is subject to assessment under Section 9.10 to fund Commercial District Expenses; provided, if so specified in the applicable Supplemental Declaration or if so directed by petition signed by a majority of the owners within the Commercial District, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited individually owned property in proportion to the benefit received.

At least 30 days prior to the beginning of the fiscal year, the Board shall deliver a copy of the Commercial District budget and notice of the amount of the Commercial District Assessment for the coming year to be delivered to each owner in the Commercial District. Such budget and assessment shall become effective unless disapproved at a meeting of the Commercial District by a majority of the owners of property in the Commercial District to which

the Commercial District Assessment applies. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of at least ten percent of the owners in such Commercial District. This right to disapprove shall only apply to those line items in the Commercial District budget which are attributable to services requested by the Commercial District and shall not apply to any item which the Community Council Governing Documents require to be assessed as a Commercial District Assessment.

If the proposed budget for any Commercial District is disapproved or if the Community Council fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year, increased by five percent shall be the Commercial District budget for the current year.

The Community Council may revise the budget for any Commercial District and the amount of any Commercial District Assessment from time to time during the year, subject to the notice requirements and the right of the owners of individually owned property in the affected Commercial District to disapprove the revised budget as set forth above.

9.7 Special Assessments. In addition to other authorized assessments, the Community Council may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of the amount budgeted. Special Assessments shall be payable in such manner and at such times as determined by the Community Council and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. Any Special Assessments for Common Expenses shall be levied against all individually owned properties subject to assessment under Section 9.10 in accordance with the calculation method described in Section 9.4. Any Special Assessment for Commercial District Expenses shall be levied against the individually owned property within the Commercial District in accordance with the calculation method described in Section 9.4.

The Community Council shall send a notice of the Special Assessment for Common Expenses to each Ranch Association and commercial owner or commercial association, if any, at least 30 days prior to the date upon which the Special Assessment is due. The Special Assessment for Common Expenses shall automatically become effective unless disapproved at a meeting by a 2/3 vote of the total number of Ranch Associations and 50% of commercial owners. At least a majority of each Ranch Association's membership shall have disapproved in accordance with the Ranch Association's voting procedures prior to any Ranch Association doing so. Any disapproval must include the disapproval of Declarant, so long as Declarant owns any portion of the Properties or has the right to annex property pursuant to the terms of this Declaration; provided, Declarant's disapproval shall not be required to disapprove any Special Assessment for expenses associated with the programs described in Section 6.20.

The Community Council shall have no obligation to call a meeting for the purpose of considering any Special Assessment for Common Expenses except (i) in the event only one Ranch Association exists at the time the notice of Special Assessment is sent, a 2/3 majority vote of the members of the Ranch Association in favor of a meeting for the purpose of considering the Special Assessment shall be required. The results of such vote to be presented to the Community