

RELATIONS WITHIN AND OUTSIDE THE COMMUNITY

The growth and success of DC Ranch as a community in the broadest sense of that term and as one in which people enjoy living, working, spending their lives, and raising their families requires a fresh approach to the structure and function of a planned community. It will require the development of interlocking relationships within and outside DC Ranch so that there is a genuine sense of community.

The Community Council will encourage, fund, and implement programs for the entire DC Ranch community and will act as the coordinator and facilitator of activities and regulations among all components of DC Ranch. The Community Council shall be empowered to enter into relationships with governmental entities, tax-exempt organizations, and environmental entities to further its purposes and those of the DC Ranch community.

The Community Council also shall have the authority to enter into agreements with Ranch Associations, which are homeowners associations and which are subordinate to the Community Council. Each Ranch Association establishes standards and conducts activities for the property under its responsibility.

Another component of DC Ranch is The Covenant Commission, which in any matters relating to the design, development, aesthetics, and character of the DC Ranch community, is superior to any other organization, entity, community association, or individual. Although the Community Council exercises no authority or control over The Covenant Commission, the Community Council and The Covenant Commission shall have a common administrative executive officer.

ARTICLE XI

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

11.1 Agreement To Avoid Litigation. Declarant, the Community Council, its officers, Directors, and committee members, all Persons subject to this Declaration, all Ranch Associations and any Person not otherwise subject hereto who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes within the DC Ranch community between or among Ranch Associations or to which Declarant or the Community Council is a party, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances, or disputes described in Section 11.2 ("Claims") shall be submitted to the procedures set forth in Section 11.3 prior to filing suit in any court.

All Ranch Associations agree that any claims or disputes among or between two or more Ranch Associations shall be submitted to the terms of this Article and that the Community Council or its designee shall be the party to resolve or mediate the dispute.

11.2 Claims. Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application or enforcement of the Community Council Governing Documents, or the rights, obligations and duties of any Bound Party under the Community Council Governing Documents shall be subject to the provisions of Section 11.3.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 11.3:

(a) any suit by the Community Council against any Bound Party to enforce the obligation to pay any assessment to the Community Council under this Declaration or any other applicable covenants;

(b) any suit by Declarant or the Community Council to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve Declarant's or the Community Council's ability to act under and enforce rules under any applicable covenants;

(c) any suit between or among owners which does not include Declarant or the Community Council as a party if such suit asserts a Claim which would constitute a cause of action independent of the Community Council Governing Documents;

(d) any suit in which any indispensable party is not a Bound Party; and

(e) any suit which otherwise would be barred by any applicable statute of limitations.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 11.3.

11.3 Mandatory Procedures.

(a) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (the Claimant and the Respondent referred to herein individually as a "Party," or collectively as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and Respondent's role in the Claim;

(ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(iii) Claimant's proposed remedy; and

(iv) the fact that Claimant or Claimant's authorized representative will meet with Respondent or an authorized representative of Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation and Mediation.

(i) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Community Council may appoint a representative to assist the Parties in resolving the dispute by negotiation.

(ii) If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to mediation under the auspices of an independent mediation service designated by the Community Council or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Scottsdale, Arizona, area.

(iii) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations or does not appear, either in person or through an authorized representative, for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such longer time as determined necessary by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

Upon Termination of Mediation, the Claimant shall thereafter be entitled to sue in any court of competent jurisdiction or to initiate proceedings before any appropriate administrative tribunal on the Claim. Each Party shall bear its own costs of the mediation, including attorneys fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 11.3 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in Section 11.3. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.