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DC RANCH COMMUNITY COUNCIL  
AMENDED AND RESTATED DECLARATION OF  
COVENANTS AND EASEMENTS

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DC RANCH COMMUNITY COUNCIL  
AMENDED AND RESTATED DECLARATION  
OF COVENANTS AND EASEMENTS

THIS DC RANCH COMMUNITY COUNCIL AMENDED AND RESTATED DECLARATION OF COVENANTS AND EASEMENTS is made by DC Ranch L.L.C., an Arizona limited liability company ("Declarant"), as of the date set forth on the signature page hereof.

RECITALS

A. On December 10, 1996, Declarant executed that certain DC Ranch Community Council Declaration of Covenants and Easements which was recorded on December 13, 1996 in the official records of the Maricopa County Recorder as Instrument No. 96-0868790; and

B. On July 15, 1998, Declarant executed that certain Irrevocable Disclaimer of Right to Annex (the "Disclaimer"), which was recorded on July 15, 1998 in the official records of the Maricopa County Recorder as Instrument No. 98-0605830, in connection with the sale to the City of Scottsdale of the property described in the Disclaimer, commonly known as "Planning Units 7 through 13" of DC Ranch, whereby Declarant disclaimed any right to annex into the DC Ranch Community Council Declaration of Covenants and Easements any portion of such property; and

C. Pursuant to Article IX of the original Declaration, Supplemental Declarations were recorded as follows:

- (i) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 2.9, recorded March 27, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0195818;
- (ii) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 2.10, recorded August 27, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0591928;
- (iii) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 2.13/2.14, recorded February 12, 1998, in the official records of the Maricopa County Recorder as Instrument No. 98-0106500;
- (iv) Amendment to Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 2.13/2.14, recorded October 26, 1998, in the official records of the Maricopa County Recorder as Instrument No. 98-0954657;

- (v) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.1, recorded December 13, 1996, in the official records of the Maricopa County Recorder as Instrument No. 96-0868794;
- (vi) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.4, recorded June 30, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0442230;
- (vii) Amendment to Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.4, recorded December 7, 1998, in the official records of the Maricopa County Recorder as Instrument No. 98-1105456;
- (viii) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.6, recorded May 15, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0324224;
- (ix) Amendment to Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.6, recorded May 8, 1998, in the official records of the Maricopa County Recorder as Instrument No. 98-0383038;
- (x) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.7, recorded March 5, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0143112;
- (xi) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.8, recorded November 19, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0811564;
- (xii) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.11, recorded September 17, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0642732;
- (xiii) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.13, recorded October 28, 1998, in the official records of the Maricopa County Recorder as Instrument No. 98-0963689;
- (xiv) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.14, recorded March 19, 1998, in the official records of the Maricopa County Recorder as Instrument No. 98-0211727;
- (xv) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.15, recorded November 6, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0781300; and

- (xvi) Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel 4.16, recorded June 27, 1997, in the official records of the Maricopa County Recorder as Instrument No. 97-0435861

(collectively, the "Existing Supplemental Declarations"); and

D Pursuant to Section 14.6(a) of the original Declaration, Declarant reserved the right to unilaterally amend that instrument so long as Declarant owns any portion of the real property described in Exhibits "A" or "B" to the original Declaration; and

E. Declarant still owns a portion of the real property described in Exhibits "A" and "B" to the original Declaration; and

F. Declarant desires to amend the original Declaration in various respects.

NOW, THEREFORE, the original Declaration is hereby replaced and superseded in its entirety and the following Amended and Restated Declaration is substituted in its place:

#### BACKGROUND

This Declaration applies to the real property located in Maricopa County, Arizona, which is described and depicted in Exhibit "A" and incorporated herein by this reference. In addition, the real property described in Exhibit "B" to this Declaration and incorporated herein by this reference (excepting therefrom the portion described in Exhibit "A"), may in the future be subjected to this Declaration in whole or in part. All of the property subjected to this Declaration may be referred to herein collectively as the "Properties."

This Declaration imposes upon all property subjected to it mutually beneficial restrictions under a general plan of development on behalf of all owners of the subjected property and establishes a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of such property.

Throughout this document, there are diagrammatic summaries to aid the reader's comprehension and use of the Community Council Governing Documents. In the event of a conflict between any diagrammatic summary and the text of any of the Community Council Governing Documents, the text shall control.

#### INTRODUCTION TO COMMUNITY'S PURPOSE AND DECLARATION

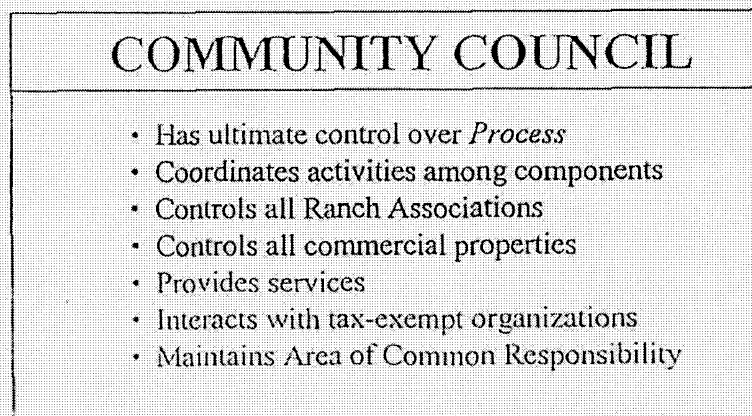
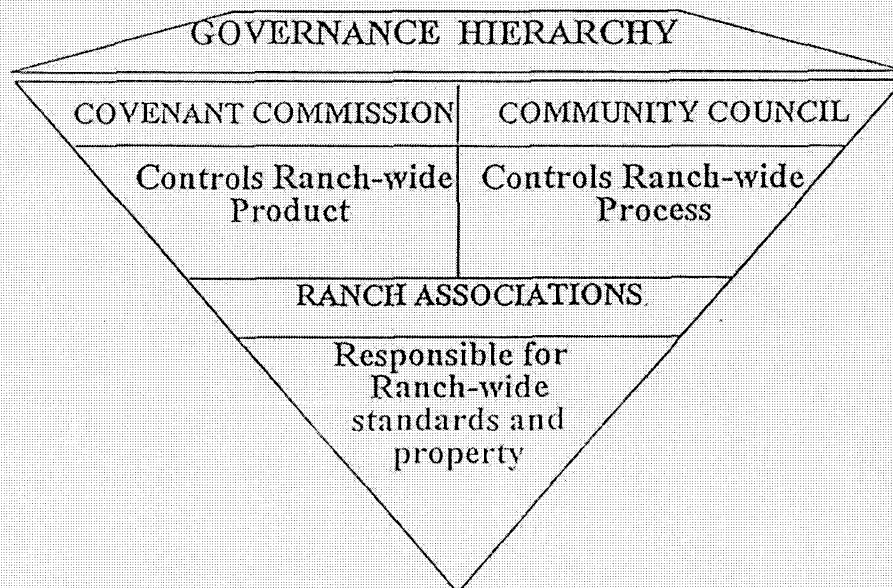
*Declarant has established this Declaration to provide a governance structure and a statement of the objectives of that structure in order to create a community at DC Ranch. This community shall have both a flexible system of standards and procedures for its overall*



development, administration, and operation and an articulated set of goals and aspirations for the life of the community itself. This Declaration reflects and sets forth those goals and provides the powers and flexibility necessary to develop the community of DC Ranch.

The community, its documentation, and its governance structure are different from a typical master planned community. The responsibilities and powers of the DC Ranch Community Council, Inc., (the "Community Council") are not those of a standard home owners association board of directors and are neither focused on, nor limited to, people control or property management and maintenance.

The following diagram illustrates the governance hierarchy of DC Ranch:

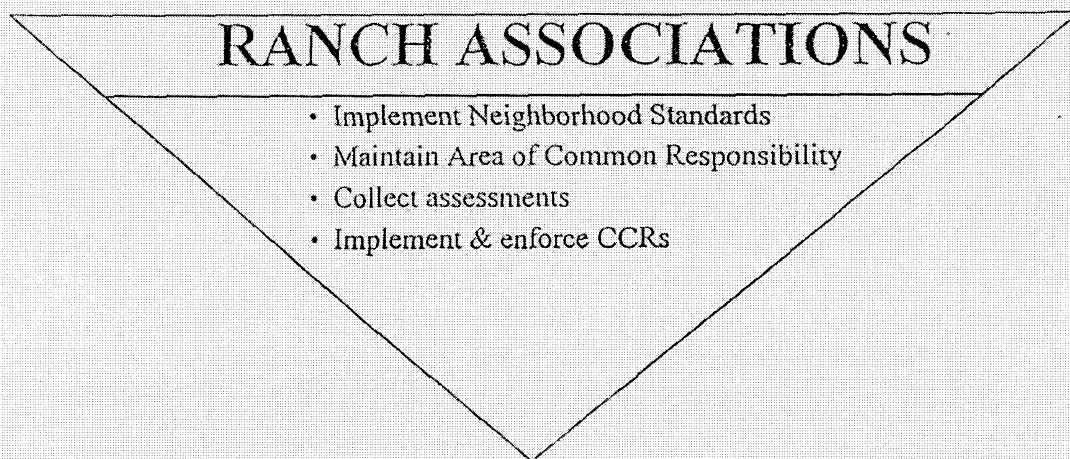


*While the Community Council has the power to provide for the maintenance, management, and preservation of some property, the powers of the Community Council extend to, and focus on, various programmatic activities intended to build and maintain a sense of community. Specifically, the Community Council shall encourage, fund, and implement programs for the entire DC Ranch community. It has the power to coordinate and facilitate activities and regulations among and between all components of DC Ranch. This Declaration empowers the Community Council to enter into agreements with other entities, including, without limitation, tax-exempt organizations and service providers, to exercise its powers and responsibilities.*

*The other components of DC Ranch include The Covenant Commission and one or more Ranch Associations.*

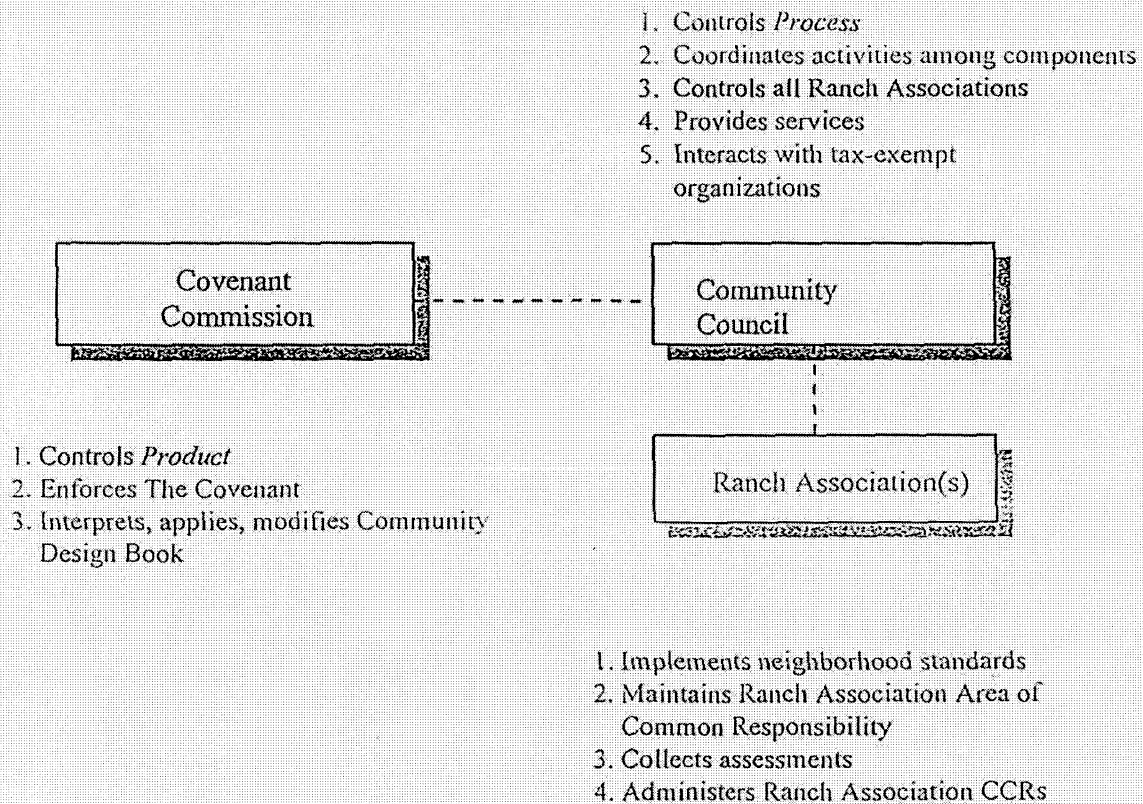
*The Covenant Commission shall have jurisdiction over all matters of design review for all property within DC Ranch. The Covenant Commission, in any matters relating to the design, development, aesthetics, and character of the DC Ranch community, is superior to any other organization, entity, community association, or individual. The Covenant Commission administers, interprets, and enforces The Covenant, the document which is designed to enhance the quality of all planning, architecture, development and land use at DC Ranch and which is superior to all other covenants placed upon any portion of DC Ranch. The Community Council and The Covenant Commission shall have a common administrative executive officer.*

*In addition, DC Ranch shall include one or more Ranch Associations. Each Ranch Association establishes standards and conducts activities for the property under its responsibility, while the Community Council sets and engenders those standards and activities which have community-wide application. The following is a summary of the functions of the Ranch Associations.*



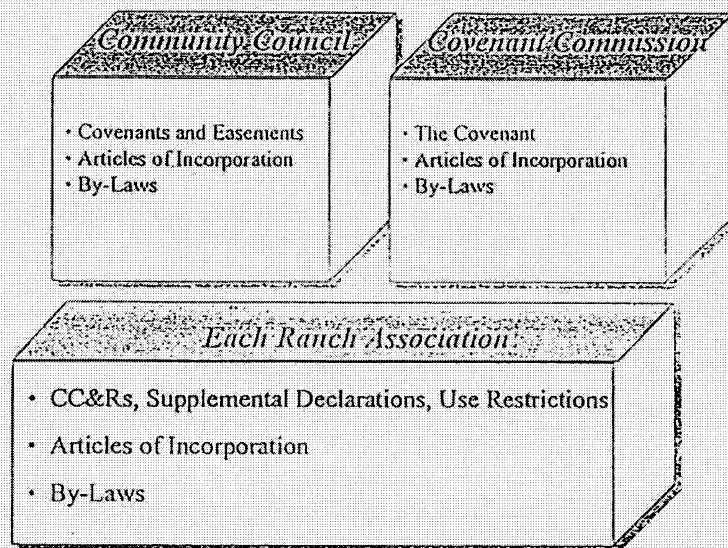
*The Community Council may delegate to one or more Ranch Associations one or more of the powers, rights, functions, responsibilities, or obligations which the Community Council Governing Documents grant to the Community Council. Any Ranch Association to which the Community Council delegates any such power, right, responsibility, or obligation shall accept such delegation. No delegation of any Community Council power to any Ranch Association shall be effective unless such delegation is memorialized in a written, Recorded instrument executed by Declarant so long as Declarant owns any property described in Exhibit "A" or Exhibit "B" and the Community Council.*

*The following diagram depicts the overall relationships among the various components of DC Ranch and describes some of the responsibilities or powers of each:*





*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.*

**Article III**  
**USE AND CONDUCT**

3.1 Framework for Regulation. Declarant has established a general plan of development for the Properties as a master planned community. Declarant's objectives include enhancing owners' quality of life and collective interests, protecting the aesthetics of and environment in the Properties, and engendering a pride of place and sense of community. To accomplish these objectives, the Properties are subject to (a) land development, architectural, and design standards, (b) the provisions of this Declaration governing individual conduct and use, and (c) the guidelines, rules and restrictions promulgated pursuant to this Article, all of which establish affirmative and negative covenants, easements, and restrictions for DC Ranch.

Notwithstanding the provisions in the preceding paragraph, pursuant to this Article, the Board shall have the ability, through the rulemaking procedures set forth below, to respond to changes in circumstances, conditions, needs, and desires within the Properties.

All provisions of the Community Council Governing Documents and rules adopted in accordance therewith shall apply to all Persons on the Properties.

3.2 Rule Making Authority. Subject to this Declaration and in accordance with its duty of care and undivided loyalty to the DC Ranch community and those who reside therein, the Board may adopt, modify, and repeal rules governing the access to and the use of the Area of Common Responsibility.



Article IV  
OPERATION, MAINTENANCE AND INSURANCE OF AREA OF  
COMMON RESPONSIBILITY

4.1 Obligation To Operate, Maintain and Insure. The Community Council shall cause the Area of Common Responsibility and improvements thereon to be maintained and operated consistent with the Community-Wide Standard. This shall include the obligation to make any necessary capital repairs and replacements. In addition, the Community Council shall obtain and maintain in effect property and public liability insurance on the Area of Common Responsibility and fidelity insurance on all persons responsible for handling funds on behalf of the Community Council in such amounts as Board may determine in the exercise of its business judgment and as required in the Bylaws.

Upon resolution of the Board, premiums for insurance on portions of the Area of Common Responsibility primarily benefiting one or more Commercial Districts shall be included in the Commercial District Expenses of the Commercial Districts which receive the primary benefit from such areas.

4.2 Other Activities of the Community Council. The Community Council may, but shall not be obligated to, provide or perform such services for the DC Ranch community as permitted by the Bylaws and the Articles and as it deems to be in the DC Ranch community's best interest, as determined in the exercise of the Board's business judgment. The Community Council may assess the cost of providing such services as a General Assessment. The Community Council shall be the coordinator and facilitator of activities and regulation among and between all components of DC Ranch. The Community Council has the power to require or to prohibit actions on a community-wide basis.

All Persons who take title to property subjected to this Declaration acknowledge that the Community Council's responsibilities and powers are not limited to property management and maintenance but extend to varied programmatic activities intended to build and maintain a sense of community.

4.3 Compliance and Enforcement. Every resident or occupant within the Properties shall comply with the Community Council Governing Documents.

(a) The Board may impose sanctions for violation of the Community Council Governing Documents after notice, and in appropriate cases, an opportunity to cure the violation. Any Person charged with a violation may request a hearing in accordance with the procedures set forth in Section 4.23 of the Bylaws. The sanctions which may be imposed include, without limitation:

(i) imposing reasonable monetary fines which shall constitute a lien upon the violator's property. (In the event that any occupant, guest or social or business invitee violates the Community Council Governing Documents and a fine is imposed, the fine shall first

be assessed against the violator; provided, if the fine is not paid by the violator within the time period set by the Board, the owner shall pay the fine upon notice from the Board);

(ii) suspending any Person's right to use any recreational facilities within the Area of Common Responsibility; provided, nothing herein shall authorize the Board to limit ingress to or egress from a Person's property;

(iii) suspending any services provided by the Community Council to an owner or the owner's property if the owner is more than 30 days delinquent in paying any assessment or other charge owed to the Community Council;

(iv) exercising self-help or taking action to abate any violation of the Community Council Governing Documents in a non-emergency situation; and

(v) levying Specific Assessments to cover costs incurred by the Community Council to bring any Person's property into compliance with the Community Council Governing Documents.

(b) In addition, the Board may take the following enforcement procedures to ensure compliance with the Community Council Governing Documents without the necessity of compliance with the procedures set forth in Section 4.23 of the Bylaws:

(i) exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); and

(ii) subject to the requirements of Article X, bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both. The Board may institute such legal proceedings and the failure to commence such legal proceedings shall not constitute a waiver of the right to enforce any provision of the Community Council Governing Documents, nor shall it operate to estop the Board from enforcing any provision of the Community Council Governing Documents.

All remedies set forth in the Community Council Governing Documents shall be cumulative of any remedies available at law or in equity. In any judicial action to enforce the Community Council Governing Documents, if the Community Council prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs reasonably incurred in such action.

The Community Council shall not be obligated to take any action if the Board reasonably determines that the Community Council's position is not strong enough to justify taking such action. Such a decision shall not be construed as a waiver of the right of the Community Council to enforce such provision at a later time under other circumstances or estop the Community Council from enforcing any other covenant, restriction or rule.

The Community Council, by contract or other agreement, may, but shall not be obligated to, enforce applicable city and county ordinances and may, but shall not be obligated to, permit Maricopa County or the City of Scottsdale, Arizona, to enforce ordinances within the community for the benefit of the Community Council and the residents.

4.4 Property Primarily Benefiting Commercial District(s). Upon resolution of the Board, the owners within each Commercial District shall be responsible for paying, through Commercial District Assessments, the costs of operating, maintaining and insuring certain portions of the Area of Common Responsibility primarily benefiting such Commercial Districts. This may include, without limitation, the costs of maintaining any signage, entry features, rights-of-way and greenspace between the Commercial District and adjacent public roads, private streets within the Commercial District, and lakes or ponds within the Commercial District, regardless of ownership and regardless of the fact that such maintenance may be performed by the Community Council; provided, all Commercial Districts which are similarly situated shall be treated the same.

The Community Council may assume maintenance responsibility for property within any Commercial District, in addition to that designated by any Supplemental Covenant, by agreement with the Commercial District or because, in the opinion of the Community Council, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Commercial District Assessment only against the individually owned property within the Commercial District to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

#### COMMUNITY GOVERNANCE AND ADMINISTRATION

*The success of DC Ranch is dependent upon the support and participation of every owner in its governance and administration. This Declaration establishes the Community Council as the mechanism through which each owner is able to provide that support and participation.*



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.

See 2nd Amendment

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 of concurrence with The Recorded Covenant at DC Ranch, to appoint or remove the Commissioner/Council Director. After Declarant no longer has the right to appoint and remove members of the Covenant Commission, the member of The Covenant Commission who shall be the Commissioner/Council Director shall be determined in the Board's sole discretion.

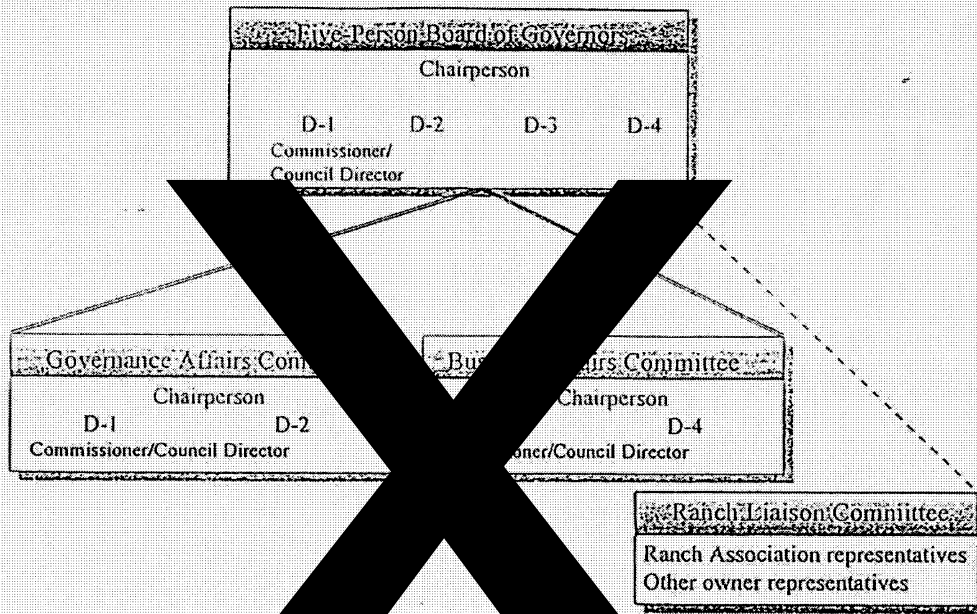
The Community Council, in its discretion, may delegate responsibility for the conduct of some or all of its day-to-day activities to committees, each consisting of three members as appointed by the chairperson who shall be the chairperson of each. One committee shall be primarily responsible for the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

Upon the receipt of a petition signed by the owners of at least one Ranch, the Board, upon receipt of a petition signed by the owners of all commercial owners subject to the Declaration in accordance with Section 9.1 of this Declaration, "C", which is incorporated herein by reference, or a 60% vote of the Board, either committee may be appealed to a 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 required, 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;

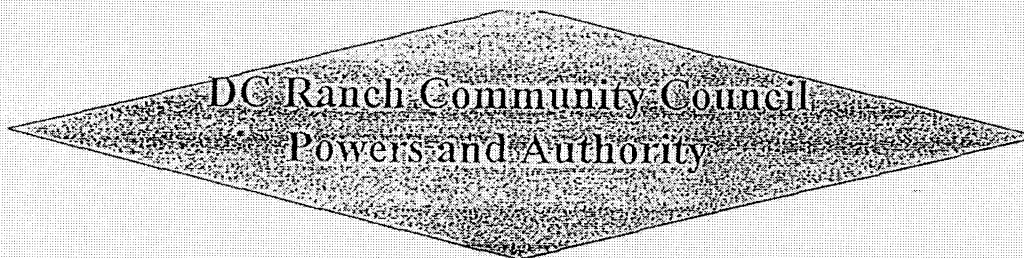
(c) a committee of or appointed by the Board, of which the director is not a member as to matters within its designated authority, which committee the director believes to merit confidence;

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.

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.

6.13 Volunteer Clearinghouse; Charter Clubs. One of the important functions of the Community Council is to encourage and facilitate the organization of volunteer organizations within the community which will serve the interests of community residents and occupants of commercial properties as they may be identified from time to time. The Community Council may maintain a data bank of residents interested in volunteering and may make such data available to volunteer organizations within the community.

In addition, the Community Council, acting by resolution, may establish or support the establishment of owner organizations, as it deems appropriate to encourage or facilitate the gathering of owners, residents, and occupants of commercial properties of DC Ranch to pursue common interests or hobbies.

Such owner organizations may, but need not, include "charter clubs." The Community Council may, from time to time, grant charters to groups of individuals who share a particular field of interest. This charter shall confer privileges and impose responsibilities on such charter clubs.

The Community Council may grant privileges to charter clubs. Such privileges may include, without limitation, financial support; material support; facility use privileges, either with or without charge; priority for facility use; administrative and technical support; and liability insurance coverage.

Members who are interested in establishing a charter club may petition for a charter from the Community Council. The Community Council may, in its sole discretion, grant or deny charter status to any such petitioners.

All charter clubs shall be established by resolution of the Community Council. The resolution establishing such club shall designate the requirements, if any, for membership therein and shall set forth (a) the purposes for which such charter club is established; (b) the privileges granted by the Community Council to the charter club; (c) the rules and regulations of such charter club; and (d) the requirement that the charter club establish written safety rules and establish a safety committee, both subject to the approval of the Community Council, if such charter club is to engage in the use of power equipment or other equipment of a specialized nature.

The Community Council may provide for any organization described in this Section 6.13 to be funded by the Community Council as Common Expenses subject to such rules regarding participation, area of interest or otherwise which the Community Council, in its discretion, may establish. Each charter club shall operate in accordance with the terms of the resolution establishing such charter club.

Through its computer bulletin boards and publications, the Community Council may assist such charter clubs, community groups, religious groups, civic groups, youth organizations, support groups, and similar organizations in publicizing their meetings, events, and need for

volunteer assistance. The nature and extent of any such assistance shall be in the Community Council's sole discretion.

It is not intended that the Community Council spend its funds for specific advertising or promotion of events of volunteer groups unless the Community Council determines that they merit such support as benefiting the entire community. The Community Council's contribution will be supplemental to funds raised by the volunteer organization.

6.14 Animals and Habitat. One purpose of this Declaration is to preserve, continue, and maintain the character of the DC Ranch community and its special landscape and environment. To further this goal, the Community Council is specifically empowered to establish and to enforce regulations, restrictions, and controls with respect to habitat and animal management from time to time.

Such regulations, restrictions, and controls may include, without limitation, regulations concerning the control, relocation, and management of wildlife; restrictions requiring all owners to mitigate the effects of development on the environment; restrictions on the use of particular areas of environmental significance; regulations regarding the use of water resources; and restrictions relating to lighting outdoor fires and trapping, capturing, killing, or keeping animals. These regulations may also include guidelines related to habitat protection, recycling, and archaeological sites or artifact scatters. The Community Council also shall have the power to impose, from time to time, fire buffer zones, habitat or archaeological site protection zones, or other special purpose zones upon owners in order to enhance and protect the environment and vegetation.

In addition, the Community Council is empowered to create, from time to time, wildlife corridors, wildlife ranges, and natural wildlife habitat areas. The Community Council is further empowered to create and implement an animal and habitat management plan. The Community Council may, as it deems appropriate in its sole discretion, modify, cancel, limit, create exceptions to, or expand any regulations, restrictions, controls, guidelines, zones, corridors, ranges, and plans it establishes pursuant to this Section.

The Community Council is empowered to cooperate, interact, or enter into agreements with environmental entities for the purpose of executing the powers authorized in this Section.

6.15 Educational Activities. The Community Council is specifically empowered to develop and provide educational programs for the benefit of the owners and occupants of DC Ranch and others in the surrounding community. The Community Council shall have the power to cooperate, interact, and enter into agreements with other entities, including, without limitation, school systems and other governmental authorities and agencies; quasi-governmental agencies; community associations, tax-exempt and other private entities; and educational institutions, including primary, secondary, community college, and university institutions, in order to provide educational programs. The Community Council may implement and maintain programs,



including, without limitation, home owner instruction programs, a charter school, an "after school program," and a cooperative program with the local school system.

The Community Council shall be permitted to modify or cancel existing education programs which it sponsors or to provide or participate in additional programs. Nothing contained herein is a representation as to what educational programs the Community Council will or will not provide or in which the Community Council will or will not participate. The Community Council may provide for such programs or participate in such programs to be funded as Common Expenses.

6.16 Health and Wellness Programs. The Community Council is specifically empowered to implement health and wellness programs for the benefit of the owners and occupants of DC Ranch and others in the surrounding community. The Board is authorized to provide services for both the mental and physical health of such persons, including, without limitation, health education and screening programs. The Community Council also shall have the power to interact with and enter into agreements with other entities for the provision of services related to health and wellness.

The Community Council shall be permitted to modify or cancel existing health or wellness programs which it sponsors or in which it participates or to provide or participate in additional programs. Nothing contained herein is a representation as to what health or wellness programs the Community Council will or will not provide or in which the Community Council will or will not participate. The Community Council may provide for such programs or participation in such programs to be funded by the Community Council as Common Expenses. In addition to Common Expenses charges, the Community Council may charge additional use and consumption fees for selected services and facilities. Nothing contained herein is a representation as to what services will or will not be provided.

6.17 Security. The Community Council may, but shall not be obligated to, maintain or support certain activities within DC Ranch designed to enhance safety. The Community Council shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant or an affiliate, for the provision of security services.

The Community Council, the Community Council's management company, and Declarant shall not be considered insurers or guarantors of security within DC Ranch, nor shall the Community Council, the Community Council's management company, or Declarant be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to DC Ranch, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each owner of property within DC Ranch acknowledges, understands and covenants to inform its tenants and all occupants of its property that the Community Council, its Directors and committees, its management company, and Declarant are not insurers and that each Person

using the property within DC Ranch assumes all risks of personal injury and loss or damage to property; including structures and the contents of structures, resulting from acts of third parties.

6.18 Facilities and Services Open to the Public. Certain facilities and areas within the Area of Common Responsibility may be open for the use and enjoyment of the public. Such facilities and areas could include, by way of example, greenbelts; trails and paths; a-town center; parks and other neighborhood spots at which to gather and interact; and roads, sidewalks, medians, and parking lots. Declarant may, at the time the facilities are constructed and made a part of the Area of Common Responsibility, designate such areas and facilities as open to the public, or the Community Council may subsequently designate such facilities and areas as open to the public.

6.19 Fire Prevention. On any portion of the Properties, the Community Council may perform brush removal and other maintenance for the purpose of fire prevention. The Community Council also may contract with public and private entities or agencies for fire prevention services.

6.20 Board Training. The Community Council may provide training for the Members of the Board of Directors. Such training may include, but not be limited to, classes, training sessions and workshops. The training shall focus on leadership, operation of nonprofit corporations, and other subjects deemed appropriate or necessary to assist the Members of the Board in fulfilling their duties and to increase their ability to govern more effectively. To this end, the Board may engage the services of such consultants and other professional to provide such training, or may enroll Members of the Board of Directors in courses or classes offered by other education providers that offer such training as part of their curriculum.

6.21 Telecommunity System. The Community Council may maintain the telecommunity system described in Article VII.

6.22 Additional Programs. Commencing 24 months after the later of (a) the adoption of the Bylaws or (b) the date on which the Board takes its first action authorized by Sections 4.15 or 4.16 of the Bylaws, The Community Council shall be authorized to provide the programs set forth in this Section. The Community Council shall fund such programs through transfer fees collected pursuant to Section 6.4. The Community Council shall not fund any program described in this Section by assessments collected pursuant to Article IX.

(a) Recycling Programs. The Community Council may establish a recycling program and recycling center within the Properties, and, in such event, all occupants of residences shall support such program by recycling, to the extent reasonably practical, all materials which the Community Council's recycling program or center is set up to accommodate. The Community Council may, but shall have no obligation to, purchase recyclable materials in order to encourage participation, and any income received by the Community Council as a result of such recycling efforts shall be used to reduce Common Expenses.

(b) Water Conservation. The Community Council is specifically empowered to develop and to implement various programs and practices for water conservation and waste water, rainwater and other management activities.

(c) Transportation Systems Management.

(i) Responsibility and Authority. Declarant or the Community Council shall be authorized to establish and implement programs, services and activities designed to address transportation issues within the Properties. Such authority may include, but need not be limited to, a public transit system which includes (a) a transit station; (b) connects with public transportation systems serving points outside of the Properties; and (c) organizes and promotes such activities as van pools, ridesharing, and the use of bicycle and pedestrian trails and paths (hereafter, generally referred to as the "Transportation System"). Declarant or the Community Council may establish committees, create subsidiary entities (including, but not limited to, entities formed pursuant to Section 501(c)(3) of the Internal Revenue Code), or contract with third parties for the operation and administration of the Transportation System.

(ii) Transportation Management Association. Declarant or the Community Council may establish a transportation management association (the "TMA") for the purpose of administering or overseeing the operation of the Transportation System, including, but not limited to, pursuing funding or transit subsidies for the operation and promotion of the system, coordinating and promoting use of public transportation and transit services, sponsoring and promoting programs and activities designed to reduce vehicular traffic and to promote ridesharing and transit usage by owners and the general public within and outside of the Properties, and performing related activities. The TMA may be a committee or subsidiary of the Community Council.

(iii) Funding of Operation and Maintenance. The costs of operating and maintaining the Transportation System shall be funded by the transfer fees collected pursuant to Section 6.4; provided, Declarant, the Community Council, the TMA or their assigns also may charge user fees for the use of any component of the Transportation System and seek subsidies or contributions from private or public sources to reduce the costs which must otherwise be paid through the collection of transfer fees. Declarant, the Community Council, the TMA or their assigns shall be authorized to enter into commercially reasonable agreements, as determined in the Community Council's business judgment, with any Person to operate all or any portion of the Transportation System on a commercial basis.



**Article VII**  
**TELECOMMUNITY**

*The Community Council's mission to perpetuate a sense of community life and spirit is an essential element of DC Ranch. In order to promote this goal, the Community Council may provide or facilitate technology, activities, services, educational opportunities, entertainment, health care information, social events and other programs. These aspects of life at DC Ranch enhance its unique character and value. By promoting these aspects of life at DC Ranch, the*

*Community Council endeavors to establish community building and networking opportunities among all members of the DC Ranch community.*

*As one means to encourage awareness of, and participation in, such technology, activities, opportunities, events, and programs, Declarant has developed a "Telecommunity System" for DC Ranch. The Telecommunity System takes advantage of the popularity and usefulness of Internet technology, advanced technological infrastructure, and a community intranet system, known as "RanchNet," which provides a universal network to connect all owners, residents, and businesses in DC Ranch. The objective of the Telecommunity System is to provide all such owners, residents, and businesses access to advanced information and communications technology in order to encourage interaction between members of the community, stimulate participation in the community, disseminate information about activities and programs, and to foster a sense of community. As such, the Telecommunity System is an essential part of DC Ranch.*

*Because technology is rapidly changing, it is foreseeable that new technology and services may become available that could be utilized by the Community Council to modify, enhance, maintain, or even replace the existing Telecommunity System. Therefore, the Community Council must have the flexibility to design and redesign the Telecommunity System as well as to designate and redesignate the providers, managers, and operators of the Telecommunity System, to meet the evolving needs of the DC Ranch community.*

#### **7.1     Establishment and Management of the Telecommunity System.**

(a)     The Community Council shall have the sole authority, but not the obligation, to provide for the establishment, operation, management, maintenance, repair, modification, enhancement, and/or replacement of the Telecommunity System, and, in doing so, shall have the sole authority to select the provider(s) of the particular hardware, software, programming, infrastructure, services, management, and administration constituting the Telecommunity System (collectively, "System Components"). The Community Council shall have the sole authority to terminate the Telecommunity System. Except as expressly provided in this Article, the Community Council shall be the sole source provider for the Telecommunity System and all System Components. No Person shall have the authority to utilize or provide another source for the Telecommunity System or any System Component other than that utilized or provided by the Community Council.

(b)     The Community Council shall have the sole authority to select the vendor or vendors of the System Components, and shall have the sole authority to enter into contracts with such vendors (which may include vendors affiliated with Declarant, so long as the terms of the relevant contracts are commercially reasonable). The Community Council shall also have the authority to enter into contracts with Persons for the maintenance, management, administration, and operation of the Telecommunity System, and to enter into contracts with Persons to modify or enhance the Telecommunity System (which may include contracts with Persons affiliated with Declarant, so long as the terms of the relevant contracts are commercially reasonable).

Depending on the requirements of such contracts, it may be necessary for owners or tenants to execute contracts directly with such vendors or other Persons as a condition to gaining access to the Telecommunity System, and each such owner and tenant, by accepting title to real property (or leasing real property) within DC Ranch, agrees to do so, provided that such contracts do not impose any monetary obligation on such owner or occupant (other than the Telecommunity Fee described in Section 7.4). Subject to the foregoing, such contracts may contain terms and conditions with regard to use of and access to the Telecommunity System in addition to those contained in this Article.

(c) Declarant and the Community Council make no representation or warranty as to the quality, fitness, or performance of the Telecommunity System, or as to the quality, fitness, or performance of any of the System Components, or that any particular System Component or type of System Component will be utilized for the Telecommunity System, or that the Telecommunity System will continue to be provided to DC Ranch.

(d) The Community Council reserves the authority to implement such rules and regulations concerning all aspects of the use of the Telecommunity System as the Community Council may deem desirable or appropriate in its sole and absolute discretion, including without limitation rules and regulations imposed under a user agreement pertaining to use of the RanchNet.

(e) The Community Council reserves the authority to adopt and implement additional provisions regarding the Telecommunity Fee insofar as it applies to commercial property (as distinguished from residential property) by one or more separate Recorded declarations affecting such commercial property. Such additional provisions may include, without limitation, provisions concerning different types or levels of connections or services to be provided to commercial property owners, and provisions as to when a Telecommunity Fee will be levied with respect to such commercial property owners.

## 7.2 Telecommunity System Connections: Additional Services.

(a) Each single family residential property in DC Ranch must include at least one connection to the Telecommunity System; each multi-family residential property must include at least one connection to the Telecommunity System per residential unit. The number of connections required for parcels of commercial property in DC Ranch shall be established by separate Recorded instrument on such terms as the Community Council determines.

(b) Each owner in DC Ranch may obtain additional Telecommunity System connections, or obtain any available additional or enhanced Telecommunity System services, at such owner's own expense, subject to the requirements of the Community Council and the particular vendor of the relevant System Components or services. Such owner may be required to pay additional fees to the Community Council or such vendor (or both), as well as to execute additional contracts with the Community Council or such vendor (or both), as a condition of receiving such additional connections or such additional or enhanced services. Such contracts may contain terms and conditions with regard to use of and access to the Telecommunity System



in addition to those contained in this Article. Declarant and the Community Council make no representation or warranty that additional Telecommunity System connections or additional or enhanced services will be provided.

7.3 Governmental Regulation. The Telecommunity System, and the providers, managers and operators of the Telecommunity System, may be subject (currently or in the future) to federal, state, or municipal regulations, laws, and ordinances (collectively, "Governmental Regulations"). Such Governmental Regulations may have a significant impact on certain aspects of the Telecommunity System including, but not limited to, the fees charged, the method of delivery, the rights of the users of the Telecommunity System, as well as the rights of the providers, managers or operators of the Telecommunity System. These Governmental Regulations, and their impact, are beyond the control of the Community Council. The Community Council may impose additional obligations on owners in DC Ranch (in addition to those contained in this Article or any contracts pursuant to Sections 7.1 or 7.2 (collectively, "Provider Contracts"), as well as any other rules and regulations that may be adopted by the Community Council), if the Community Council determines that such additional obligations are necessary or appropriate due to such Governmental Regulations.

7.4 Telecommunity Fee.

(a) The Telecommunity System shall be funded through collecting from each property owner in DC Ranch (i) a one-time charge levied with respect to each connection to the Telecommunity System (the "Connection Fee") and (ii) a separate periodic fee (the "Periodic Fee"), which collectively are referred to herein as the "Telecommunity Fee." Except as required by any applicable Governmental Regulation or Provider Contract (which may dictate, in whole or in part, the amount of the Telecommunity Fee), the amount of the Telecommunity Fee will be determined in the sole discretion of the Community Council. If the Community Council provides different types or levels of connections or services to commercial property owners (as distinguished from residential property owners), then the amount of the Telecommunity Fee for single-family and multi-family properties may be different from the Telecommunity Fee for commercial properties, in the discretion of the Community Council.

The Periodic Fee shall be levied each fiscal year and shall be paid in monthly installments; provided, that the Board shall have the authority to require (either of all owners or of owners with a history of delinquent payment) that the Periodic Fee shall be due and payable in advance on the first day of the fiscal year. In addition, if any Owner is delinquent in paying any installment of the Periodic Fee, the Board may require all outstanding installments for the current fiscal year to be paid in full immediately.

(b) Each owner of property in DC Ranch shall be obligated to pay the Telecommunity Fee for each Telecommunity System connection that is installed at its property and for each connection required to be installed pursuant to Section 7.2. The levying of the Connection Fee shall occur, and the levying of the Periodic Fee shall commence, upon the issuance of a certificate of occupancy (or equivalent governmental approval) for the relevant dwelling or building. Notwithstanding the foregoing, subject to the provisions of applicable

Provider Contracts and Governmental Regulations, (i) the Community Council, in its discretion, may establish a reduced Telecommunity Fee payable by commercial owners with respect to any tenants occupying less than a specified minimum floor area, or utilizing its property for a specified use, as determined by the Community Council, and (ii) where such Provider Contract provisions expressly permit, the Community Council may establish rules whereby the Periodic Fee is waived for commercial or multi-family owners with respect to tenant suites or residential units for which such fee was previously collected but which later become unoccupied.

(c) The Telecommunity Fee 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 the Telecommunity Fee at the closing of the transfer of title to a lot or parcel of real property and impose special requirements for owners with a history of delinquent payment.

(d) Simultaneously with any statement setting forth the amount of any unpaid assessment against the owner's property in accordance with A.R.S. § 33-1807, or otherwise, the Community Council shall also provide a statement setting forth the amount of any unpaid Telecommunity Fee affecting the owner's property. The statement shall be binding on the Community Council, the Board, 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 Telecommunity Fee then due. The Community Council may require the advance payment of a reasonable processing fee for the issuance of such statement.

(e) *The Community Council expressly intends that the Telecommunity Fee is not a "regular assessment" or other type of "assessment" of an "association," as those terms are used in A.R.S. § 33-1803, as amended from time to time, and that the Telecommunity Fee is not subject to the limitations set forth in A.R.S. § 33-1803, as amended from time to time. Without limiting the generality of the foregoing, the Community Council expressly intends, and all Persons taking subject to this Declaration acknowledge, that the Telecommunity Fee is not and shall not be subject to any limitation (set forth in A.R.S. § 33-1803 or otherwise) on annual increases in the amount of regular assessments or other assessments of an association.*

#### 7.5 Enforcement: Lien.

(a) The Telecommunity Fee is mandatory; no owner may avoid the obligation for payment of the Telecommunity Fee through a claim of nonuse of the Telecommunity System or any other claim, excuse, or exception. The Telecommunity Fee shall be in addition to, and not in lieu of, any assessment provided for under this Declaration. The obligation to pay the Telecommunity Fee is separate and apart from any other fee or any assessment provided for by this Declaration. No diminution, abatement, or set-off of the Telecommunity Fee shall be claimed or allowed for any alleged failure of the Community Council 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 it takes.

Failure of the Board to fix the amount of the Telecommunity Fee for any fiscal year or to deliver or mail each owner a notice of the amount of the Telecommunity Fee shall not be deemed a waiver or modification of, or a release of any owner from, the obligation to pay the Telecommunity Fee during such fiscal year. In such event, each owner shall continue to pay the Telecommunity Fee on the same basis as during the prior fiscal year until a new Telecommunity Fee is levied, at which time the Community Council may retroactively assess any shortfalls in collections. Any election by Declarant in any given year to subsidize the budget deficit of the Community Council, rather than pay assessments, pursuant to Section 9.3, shall not excuse Declarant from payment of the Telecommunity Fee.

(b) The Telecommunity Fee, together with interest (computed from its due date at a rate of ten percent per annum or such higher rate as the Board may establish, subject to the limitations of Arizona law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be a charge and continuing lien upon each property for which a Telecommunity Fee is payable, as more particularly described in Section 7.5(c). The Telecommunity Fee, together with interest, late charges, costs, and reasonable attorneys' fees, also shall be the personal obligation of the owner of such property as of the date the Telecommunity Fee was levied. Upon a transfer of title to any such property, the grantee shall be jointly and severally liable with its grantor for any Telecommunity Fee due at the time of conveyance. Each Owner, by accepting a deed or entering into a Recorded agreement for sale for any portion of DC Ranch, is deemed to covenant and agree to pay the Telecommunity Fee, on the terms and subject to the conditions set forth in this Article. However, no first mortgagee that 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 any unpaid Telecommunity Fee which accrued prior to such acquisition of title.

(c) The Telecommunity Fee shall constitute a lien against the property against which it is levied from the time such Telecommunity Fee becomes delinquent until paid. The lien shall also secure payment of interest (subject to the limitations of Arizona law), late charges, and costs of collection (including attorneys' fees, lien fees and administrative costs). Such lien shall be superior to all other liens, except the lien for assessments under this Declaration, the lien for assessments of any Ranch Association, and those other liens deemed by Arizona law to be superior, and, without limiting the generality of the foregoing, shall be superior to any lien asserted or held by any Neighborhood Association (as defined in the Recorded Amended and Restated Declaration of Covenants, Conditions, and Restrictions for The Ranch). The Community Council may enforce such lien, when any Telecommunity Fee is delinquent, by suit, judgment and foreclosure. The Community Council may bid for the relevant property at the foreclosure sale and acquire, hold, lease, mortgage, and convey such property. While a lot or parcel of real property is owned by the Community Council following such foreclosure: (i) no right to vote shall be exercised on behalf of such lot or parcel; and (ii) no assessment or Telecommunity Fee shall be levied on such lot or parcel. The Community Council may sue for unpaid Telecommunity Fees without foreclosing or waiving the lien securing the same. The sale or transfer of any lot or parcel shall not affect the foregoing lien or relieve such lot or parcel from the lien for any subsequent Telecommunity Fee. However, the sale or transfer of any lot or



parcel pursuant to foreclosure of a first mortgage shall extinguish the lien as to any installments of such Telecommunity Fees due prior to the mortgagee's foreclosure. The subsequent owner of the foreclosed lot or parcel shall not be personally liable for Telecommunity Fees on such lot or parcel due prior to such acquisition of title.

(d) Subject to Governmental Regulations and Provider Contract provisions, the Community Council may collect the Telecommunity Fee (directly or through any other Person designated by the Community Council), or the Community Council may cause a third party provider, manager or operator of the Telecommunity System to collect the Telecommunity Fee (directly or through any other Person designated by such third party provider, manager or operator).

(e) To the extent permitted under any applicable Governmental Regulations and any applicable Provider Contracts:

(i) In addition to any other action it may take, the Community Council may act as the agent for any third party provider, manager or operator of the Telecommunity System, for the purpose of collecting any unpaid Telecommunity Fee. In its capacity as an agent, the Community Council may utilize all methods of enforcement available by law or contract to such third party provider, manager or operator.

(ii) If any third party provider, manager, or operator seeks to collect unpaid fees on its own behalf, or engages the services of another Person for the purpose of collection, the Community Council shall have the authority to assign its enforcement rights under this Declaration (including, but not limited to, its lien rights) to such third party provider, manager, operator, or such other agent.

#### 7.6 Exemptions.

(a) Notwithstanding any other provision of this Declaration, the City of Scottsdale shall not be liable for any Telecommunity Fee on any property dedicated to and accepted by the City ("Dedicated Property") and the City shall have no right or obligation to be connected to the RanchNet or any other component of the Telecommunity System, unless otherwise agreed between the City and the Community Council. Dedicated Property shall include, without limitation, such areas created by or dedicated in the form of easements, including, perpetual easements, tract easements, and easements in favor of the City of Scottsdale. If only a portion of a lot or parcel of real property is dedicated as Dedicated Property, any Telecommunity Fee affecting the lot or parcel which arose prior to the dedication shall remain due and owing against the non-dedicated portion of the lot or parcel, and the lien shall remain in effect with respect to the undedicated portion of the lot or parcel but shall terminate with respect to the Dedicated Property. If the entire lot or parcel is Dedicated Property, any such unpaid Telecommunity Fee shall be deemed to be waived, and the lien shall terminate with respect to the entire lot or parcel.

(b) Notwithstanding any other provision of this Declaration, the Community Council may in its discretion (without need for amendment to this Declaration) exempt any property of the following types from the obligation of payment of all or any portion of the Telecommunity Fee:

(i) Property included in the Area of Common Responsibility pursuant to this Declaration, and property included in the Area of Ranch Responsibility pursuant to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Ranch, affecting a portion of DC Ranch and recorded concurrently with this Declaration;

(ii) Property owned by any Neighborhood Association for the common use and enjoyment of its members, or owned by the members of a Neighborhood Association as tenants-in-common;

(iii) Property owned by Persons qualifying for tax exempt status under Section 501(c) of the Internal Revenue Code, if and for so long as such property is used for purposes listed in Section 501(c); and

(iv) Property owned by a school district or other governmental or quasi-governmental entity (other than the City of Scottsdale).

Without limiting the generality of the foregoing, the Community Council may charge against the owner of any such exempt property (or any other Person not otherwise liable for payment of the Telecommunity Fee) a separate fee for access to the RanchNet, if such owner desires such access, which fee shall be in an amount to be agreed upon between the Community Council and such owner, and (except as otherwise agreed between the Community Council and such owner), such fee shall otherwise be subject to the foregoing provisions concerning the Telecommunity Fee.

Article VIII  
COMMERCIAL DISTRICTS

Any Commercial District may request that the Community Council provide a higher level of service than that which the Community Council generally provides to other property within DC Ranch, or may request that the Community Council provide special services for the benefit of individually owned property in such Commercial District. Upon the affirmative vote, written consent, or a combination thereof, of a majority of owners of property within the Commercial District, the Community Council shall provide the requested services. The cost of such services, which may include a reasonable administrative charge in such amount as the Community Council deems appropriate (provided, any such administrative charge shall apply at a uniform rate per parcel of individually owned property to all Commercial Districts receiving the same service), shall be assessed against the benefited parcels of individually owned property within such Commercial District as a Commercial District Assessment. The allocation of such assessment may be based upon any reasonable method determined in the sole discretion of the Community Council including, but not limited to, the square footage of the real property or of the improvements thereon.

All commercial property subjected to this Declaration shall be assigned to a specific Commercial District (by name or other identifying designation), which Commercial District may be then existing or newly created. So long as it has the right to subject additional property to this Declaration pursuant to Section 15.2, Declarant may unilaterally amend this Declaration or any Supplemental Declaration to redesignate Commercial District boundaries; provided, two or more existing Commercial Districts shall not be combined without the consent of a majority of the owners of property within the affected Commercial Districts.

No commercial property owner shall be granted a right to use the recreational facilities, amenities, programs or services of DC Ranch nor shall such a right be implied from the fact that all commercial property is subject to this Declaration, and that a commercial property owner is obligated to pay Commercial District Assessments, Commercial District Expenses or Common Expenses. The Community Council may grant a commercial property owner the right to use the recreational facilities, amenities, programs, or services of DC Ranch Properties. Any such right shall only be granted in writing, may be subject to fees in an amount to be determined in the sole discretion of the Community Council, may be of limited in scope and duration, and may be revoked at any time.



**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").

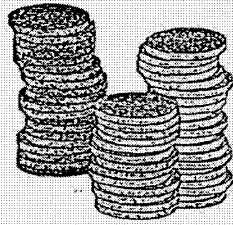
Regardless of Declarant's election, the property Declarant owns shall be considered in computing the General Assessment rate under Section 9.4, and the Community Council shall have a lien against property owned by Declarant to secure Declarant's obligations under this section, which lien shall have the 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



Council ten days after delivery of the notice of Special Assessment; (ii) in the event that two or more Ranch Associations exist at the time the notice of Special Assessment is sent, a petition of two or more Ranch Associations and 50% of all commercial owners subject to the Special Assessment shall be required. Any such petition must be presented to the Community Council within ten days after delivery of the notice of Special Assessment.

The Community Council shall send a notice of the Special Assessment for any Commercial District Expenses to each Commercial District to which such Special Assessment is applicable, at least 30 days prior to the date upon which the Special Assessment is due. The Special Assessment shall automatically become effective unless disapproved at a meeting by a 2/3 vote of the owners within such Commercial District. 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 Commercial District 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 Commercial District Expenses except on petition of 50% of commercial owners within such Commercial District. The Owners must present such petition to the Community Council within ten days after delivery of notice of the Special Assessment for the Commercial District.

**9.8     Specific Assessments.** The Community Council shall have the power to levy Specific Assessments against property to cover costs incurred in bringing the property into compliance with the terms of the Community Council Governing Documents, or costs incurred as a consequence of the conduct of the owner(s) or occupants of individually owned property, their agents, contractors, employees, licensees, invitees, or guests; provided, the Community Council shall give the property owner or Ranch Association prior written notice and an opportunity for a hearing prior to levying any Specific Assessment.

**9.9     Lien for Assessments.** The Community Council shall have a lien against privately owned property to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of Arizona law), and costs of collection (including attorneys fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first mortgage of record (meaning any Recorded mortgage with first priority over other mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure in the same manner as mortgages are foreclosed under Arizona law.

Although no further action is required to create or perfect the lien as to any such property, the Community Council may, as further evidence and notice of the lien, execute and Record a document setting forth the amount of the delinquent sums due at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Community Council to execute and Record any such document shall not, to any

extent, affect the validity, enforceability, perfection or priority of the lien. The lien may be foreclosed in the same manner as mortgages are foreclosed under Arizona law.

The Community Council may bid for the property on which a lien has been created at the foreclosure sale and acquire, hold, lease, mortgage, and convey the property. While such property is owned by the Community Council following foreclosure, no assessment shall be levied on it, and all other property shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such property had it not been acquired by the Community Council. The Community Council may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any property shall not affect the assessment lien or relieve such property from the lien for any subsequent assessments. However, the sale or transfer of any property pursuant to foreclosure of the first mortgage shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A mortgagee, its affiliate or any other purchaser who obtains title pursuant to foreclosure of the mortgage shall not be personally liable for assessments on such individually owned property due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from owners of all individually owned properties subject to assessment under Section 9.10, including such acquirer of the foreclosed property, its successors and assigns.

Notwithstanding any other provision of this Declaration, no governmental authority or public utility shall be liable for assessments on any property dedicated to and accepted by the governmental authority or public utility ("Dedicated Property") which arose prior to its acceptance of such property. Dedicated Property shall include, without limitation, such areas created by or dedicated in the form of easements, including perpetual easements, tract easements, and easements in favor of the City of Scottsdale, or municipal use property.

If only a portion of a parcel is Dedicated Property, any assessments which arose prior to the dedication shall remain due and owing against the non-dedicated portion of the parcel. If the entire parcel is Dedicated Property, such unpaid assessments shall be deemed to be Common Expenses collectible from owners of all individually owned properties subject to assessment under Section 9.10.

In the event that a lien exists on any Dedicated Property, (a) if only a portion of the parcel is Dedicated Property, the lien shall remain in effect with respect to the undedicated portion of the parcel and shall terminate with respect to the Dedicated Property, and (b) if the entire parcel is Dedicated Property, the lien shall terminate with respect to the entire parcel.

**9.10 Date of Commencement of Assessments.** The obligation to pay any assessment shall commence on the date specified by the Community Council in its first resolution adopting a budget and approving the imposition of any assessment pursuant to this Article; provided that (a) no assessment shall be payable before such advance notice and approval of the assessment as may be required elsewhere in this Declaration, if any, have been duly given, and (b) if any Recorded Supplemental Covenant specifies a different date for the



commencement of assessments against a portion of the Properties, such date shall control the issue with respect to the property covered by such Recorded Supplemental Covenant.

If during any assessment period Declarant conveys any real property subject to this Declaration (the "Sale Property") for which Declarant has elected, pursuant to Section 9.3, to pay the budget deficit, rather than assessments on a per lot or per parcel basis, during such assessment period, then the Community Council may require the grantee of the Sale Property to pay to the Community Council an amount equal to the pro rata portion of the assessments that would have been payable with respect to the Sale Property for the applicable assessment period had Declarant not made such election; provided, grantee shall have no such obligation if the Sale Property is otherwise exempt from assessment pursuant to Section 9.12. The amount of such pro rata portion shall be based on the number of days remaining in the assessment period in which such conveyance occurs.

As and when additional property is made subject to this Declaration, the Community Council shall compute the assessments that would have been levied against such property had it been subject to this Declaration when the budget for the relevant fiscal year was determined. The Community Council may require all owners of such property to pay a pro rata portion of such assessments, based on the number of days remaining in the fiscal year in which such conveyance occurs. In such event the Community Council shall send notice of such assessments to the relevant owners, and payment shall be due within 30 days of receipt of such notices. Notwithstanding the foregoing, the Community Council need not reallocate assessments against any property already subject to this Declaration to take into account such levy against the additional property until the budget for the next fiscal year is determined.

9.11 Failure To Assess. Failure of the Community Council to fix assessment amounts or rates or to deliver or mail each owner an assessment notice shall not be deemed a waiver, modification, or a release of any owner from the obligation to pay assessments. In such event, each owner shall continue to pay General Assessments and Commercial District Assessments on the same basis as during the last year for which an assessment was made, if any, increased by five percent, until a new assessment is levied, at which time the Community Council may retroactively assess any shortfalls in collections.

9.12 Exempt Property. Except as provided in Section 9.8, the following property shall be exempt from payment of assessments:

(a) Any property owned by the Community Council or any tax-exempt entity with which the Community Council has an agreement for activities benefiting the DC Ranch community;

(b) Any and all Dedicated Property (as defined in Section 9.9), including, without limitation, such areas created by or dedicated in the form of easements, including, perpetual easements, tract easements, easements in favor of the City of Scottsdale, or municipal use property.



(c) Any common area of any Ranch Association or subassociations thereof (e.g., property owned by the Ranch Association for the common use and enjoyment of its members or property owned by the owners of units in a condominium as tenants-in-common), including, without limitation, any such areas created by or dedicated in the form of easements; and

(d) Any property upon which a house of worship is constructed, so long as such property is used exclusively for religious purposes.

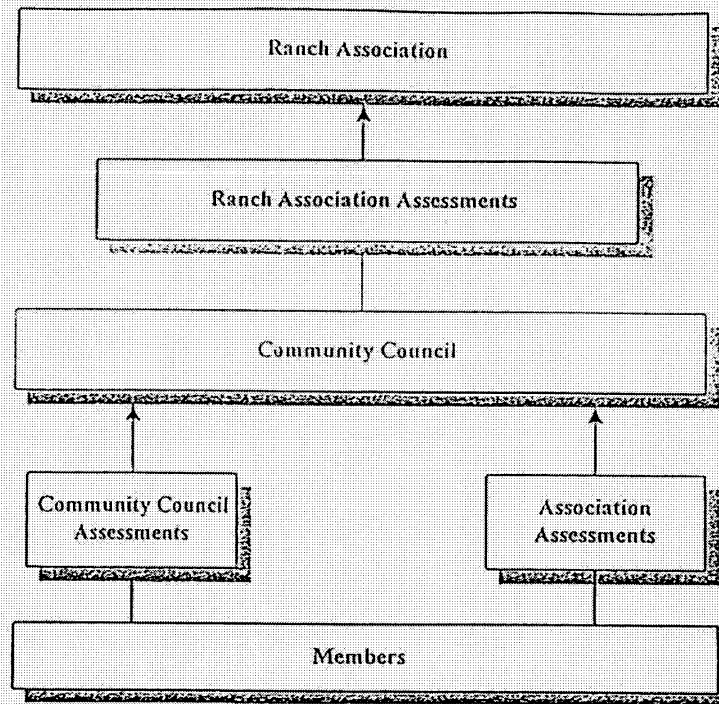
In addition, Declarant or the Community Council may grant exemptions to certain persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

Dedicated Property also shall be exempt from the payment of Specific Assessments.

9.13 Owners' Dual Assessment Obligations. Certain portions of the DC Ranch community may be separately organized into Ranch Associations, such as a residential community or condominium association. Owners who are members of a Ranch Association shall be responsible for paying assessments both to the Ranch Association and the Community Council.

9.14 Collection Role. If notified by any Ranch Association of any assessment to be levied by such Ranch Association, the Community Council shall collect such assessments on behalf of the Ranch Association and shall disburse any such collected funds, less reasonable costs of collection actually incurred, to the Ranch Association. This requirement of notification in no way reduces the Ranch Association's and its members' obligation to pay assessments to the Community Council.

*The following diagram depicts the manner in which the Community Council will collect and pay to each Ranch Association all assessments levied by the Ranch Association:*



9.15 Expenditure of Funds. The assessment funds collected by the Community Council shall be used in such manner as the Community Council deems appropriate in fulfilling the Community Council's responsibilities. The judgment of the Community Council in determining the level of assessments and the allocation and expenditure of such funds shall be final so long as such judgment is exercised in good faith. The Community Council, any Director, and any officer shall not be liable to any person or entity for any error in judgment, or any action or inaction of the Community Council, the Directors, or any officer, relating to the expenditure of such funds; provided, nothing herein shall protect any person from liability for gross negligence or willful misconduct in the handling of such funds.

9.16 Recordkeeping. The Community Council shall maintain or cause to be maintained full and accurate books of account with respect to the performance of its responsibilities under this Declaration. Such books and records and financial statements related thereto shall be made available for inspection and copying by any authorized representative of a Ranch Association upon request, during normal business hours or under other reasonable circumstances.

The party requesting such copies shall pay reasonable copying charges. If any party desires to have the records audited, an audit shall be performed by an auditor mutually agreed upon by the requesting party and the Community Council. The Community Council shall cooperate by making available to the party performing the audit the records, including all

supporting materials (*e.g.*, check copies, invoices, etc.) for the year in question. The party requesting the audit shall be responsible for all costs associated with performing the audit.

9.17 Capitalization of Community Council. Upon acquisition of record title to a lot or unit, in DC Ranch, by the first owner thereof other than Declarant or a Builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Community Council in an amount to be determined from time to time by the Board. This amount shall not exceed the annual General Assessment per unit or lot for that year. This amount shall be in addition to, not in lieu of, the annual General Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Community Council for use in any manner permitted by the Community Council Governing Documents, including, but not limited to, operating expenses, maintenance, costs of enforcement of the Community Council Governing Documents and for such other uses that are deemed necessary and appropriate in the sole discretion of the Board.



## PROPERTY RIGHTS WITHIN THE COMMUNITY

*Living or working in a planned community involves sharing and cooperation. The various types of properties and development and uses require the creation of special property rights and provisions to address the multiple needs and responsibilities of those in the community.*

### Article X EASEMENTS

10.1 Easement for Administration. This Declaration hereby creates a perpetual, nonexclusive easement over, under, and across the DC Ranch community in favor of the Community Council, and its employees, agents, assignees and designated contractors for access, ingress, egress, maintenance, and repair, to the extent reasonably necessary for the Community Council to perform its responsibilities hereunder and as otherwise assigned. The exercise of this easement shall not unreasonably interfere with the use of any property and, except in an emergency situation, entry onto any private property shall be made only after reasonable notice to the owner or occupant.

10.2 Right of Entry. The Community Council may enter upon any property for emergency, security, and safety reasons, and to inspect for the purpose of ensuring compliance with the Community Council Governing Documents. This right may be exercised by any Director, any officer, manager, agent or employee of the Community Council acting with the permission of the Community Council, and all police, fire and similar emergency personnel in the performance of their duties.

This right of entry shall include the right of the Community Council to enter upon private property to perform maintenance or cure any condition which may increase the possibility of a fire or other hazard in the event that the owner fails or refuses to perform such maintenance or cure such condition within a reasonable time after request by the Community Council.

Except to avoid an imminent threat of personal injury or property damage, entry onto any portion of an property not generally open to the public shall only be authorized during reasonable hours and after receipt of the owner's or occupant's consent, which consent shall not unreasonably be withheld.

10.3 Easements for Cross-Drainage. All property within DC Ranch shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter the natural drainage on any property to increase materially the drainage of storm water onto adjacent portions of the Properties, except in accordance with any community master drainage study and planning unit master drainage plan, without the consent of the Board and Declarant as long as it owns any portion of the Properties.

10.4 Rights to Stormwater Runoff, Effluent and Water Reclamation. Declarant hereby reserves for itself and its designees all rights to ground water, surface water, storm water runoff, and effluent located or produced within the Properties. Such right shall include an easement over the Properties for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff, and effluent. This Section may not be amended without the consent of Declarant or its successor, and the rights created in this Section shall survive termination of this Declaration.

This Declaration hereby creates a nonexclusive easement over the Properties in favor of the Community Council for overspray of water from any irrigation system serving the Area of Common Responsibility. The Community Council may use treated effluent in the irrigation of any Area of Common Responsibility. The Community Council shall not be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

10.5 Easements for Tax-Exempt Organizations. This Declaration hereby creates easements over the Area of Common Responsibility in favor of tax-exempt organizations designated or established by Declarant or the Community Council, to the extent necessary for such tax-exempt organizations to carry out their responsibilities.

10.6 Easements for Golf Course. This Declaration hereby burdens all property subject to this Declaration and adjacent to any golf course with an easement permitting golf balls or golf clubs, or parts thereof (collectively, "errant golf equipment"), unintentionally to come upon the property, and for golfers at reasonable times and in a reasonable manner to come upon exterior portions of such property to retrieve errant golf equipment; provided, if any property is fenced or walled, the golfer shall seek the owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf equipment.

The following Persons shall not be held liable for any damage or injury resulting from errant golf equipment or the exercise of this easement: Declarant; the Community Council; The Covenant Commission; any Ranch Association, or its members (in their capacities as such); the owner of any property which is subject to this Declaration but who is not a member of any Ranch Association (in its capacity as an owner); the golf course owner or its successors-in-title to the golf course; the architect or builder of the golf course; any builder or contractor (in its capacity as such); any affiliate, successor, or assign of the foregoing; any officer, director or partner of any of the foregoing, or any officer or director of any partner (in their capacities as such).

The owner of any golf course within or adjacent to any portion of the property subject to this Declaration, its agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the property owned by the Community Council, reasonably necessary to the operation, maintenance, repair and replacement of its golf course.

The property immediately adjacent to any golf course is burdened with a non-exclusive easement in favor of the owner of such course for overspray of water, materials used in connection with fertilization, and effluent from any irrigation system serving such course. The owner of any golf course may use treated effluent in the irrigation of any golf course. Under no circumstance shall the Community Council or the owner of any golf course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

The Properties are burdened with easements in favor of any golf course for natural drainage of storm water runoff from such golf course.

The owner of any golf course within or adjacent to any portion of the Properties, its successors and assigns, shall have a perpetual, exclusive easement of access over the Properties for the purpose of retrieving golf balls from bodies of water within the Common Areas lying reasonably within range of golf balls hit from its golf course.

There is established for the benefit of the golf course and its members (regardless of whether such members are owners of property within DC Ranch), guests, invitees, employees, agents, contractors, and designees, a right and nonexclusive easement of access and use over all roadways located within DC Ranch reasonably necessary to travel between the entrance to DC Ranch and the golf course and over those portions of DC Ranch (whether Community Council-owned property or otherwise) reasonably necessary to the operation, maintenance, repair, and replacement of the golf course.

The Properties are burdened with easements in favor of any golf course for golf cart paths serving such golf course. The Community Council or the owner of any golf course, or their respective agents, successors, or assigns, shall not be held liable for any damage or injury resulting from the exercise of this easement.



## 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.



Article XII  
RELATIONSHIPS WITH GOVERNMENT

In its sole discretion, the Community Council is authorized to cooperate with the City of Scottsdale regarding appropriate and relevant matters. The Community Council shall have the sole authority to determine whether such a liaison exists and, if so, the extent, limitations upon, and purpose of the relationship.

In addition, the Community Council shall promulgate and implement a process for and shall appoint a staff member who serves as a single point of contact for members of the public and the City of Scottsdale for all purposes including communication of any complaints of whatever nature within the Properties. The responsibilities of such staff member shall include, without limitation, communicating with the City of Scottsdale regarding maintenance issues within the purview of the Community Council and answering questions relevant to any matters for which the Community Council has responsibility or authority. The Community Council shall also be authorized to appoint one member of its staff to enter into ongoing or periodic communication regarding other matters the Community Council deems appropriate, with one or more staff members of the City of Scottsdale.

Notwithstanding anything to the contrary in this Declaration, this Declaration shall not apply to any property that is owned in fee by the City of Scottsdale (but only for so long as such property is owned in fee by the City of Scottsdale), except as may be expressly provided otherwise in a separate Recorded instrument executed by the City of Scottsdale.

Article XIII  
RELATIONSHIPS WITH OTHER ENTITIES

The Community Council may enter into the relationships described in Sections 13.1 through 13.3. This shall not constitute a representation or warranty that such relationships will be entered into or created as described in the aforementioned sections.

13.1 Relationship With Tax-Exempt Organizations. Declarant or the Community Council may create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Area of Common Responsibility to non-profit, tax-exempt organizations, the operation of which confers some benefit upon the Properties, the Community Council, or residents. The Community Council may contribute money, real or personal property, or services to such entity.

Any such contribution shall be a Common Expense and included as a line item in the Community Council's annual budget. For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

The Community Council may maintain multiple use facilities on the Properties for temporary use by tax-exempt organizations. Such use may be on a scheduled or "first-come, first-served" basis. A reasonable maintenance and use fee may be charged for the use of such facilities.

13.2 Environmental Entities. As long as Declarant owns any property described in Exhibit "A" or "B," Declarant shall have the right to enter into agreements with environmental entities for the purpose of observing, maintaining, or preserving environmentally sensitive areas located within the Properties and monitoring or conducting such natural resource, habitat preservation or other environmental programs or plans which may be implemented within the Properties. Entities designated by Declarant shall have the right to enter the Properties to perform environmental activities subject to reasonable time, place, and manner restrictions adopted by the Community Council. The Community Council shall have the right to enter into agreements with environmental entities with the consent of Declarant as long as it owns any property described in Exhibit "A" or "B" and thereafter in its discretion.

13.3 Relationship With Other Public or Private Entities. Declarant, so long as Declarant owns any portion of the property described in Exhibit "A" or "B," and the Community Council are specifically authorized to enter into cooperative agreements with public and private entities for the use of facilities, sharing of services and costs, and development of programs and procedures for the benefit of DC Ranch and the surrounding community. The use of Community Council funds for such purposes is specifically authorized.

13.4 The Covenant Commission. The Covenant Commission shall have jurisdiction over all matters of design review for all property within DC Ranch and shall be, in any matters relating to the design, development, aesthetics, and the character of the DC Ranch community, superior to any other organization, entity, community association, or individual. The Covenant Commission administers, interprets, and enforces The Covenant, as more particularly provided above in the portion of this Declaration entitled "Background."

Though the Community Council shall have no authority over The Covenant Commission, one member of the Covenant Commission shall serve as a Community Council Director, as provided in Section 5.5. In addition, The Covenant Commission and the Community Council shall have a common administrative executive officer.

*The following is a summary of The Covenant Commission's functions*

## COVENANT COMMISSION

- Has ultimate control over Residential and Commercial *Product*
- Enforces The Covenant which
  - establishes & upholds standards
  - establishes & maintains excellence
  - creates predictability
- Has authority over future development
- Interprets, applies, & modifies Community Design Book

## COMMUNITY DEVELOPMENT

*Declarant reserves various rights in order to facilitate the smooth and orderly development of DC Ranch and to accommodate changes in the plan which inevitably occur as a community the size of DC Ranch grows and matures.*

### Article XIV

#### DECLARANT'S RIGHTS

14.1 Duration. Unless otherwise specifically indicated in this Declaration, Declarant's rights hereunder shall exist for so long as Declarant, any affiliate of Declarant, or any assignee of Declarant's rights owns any property described in Exhibit "A" or "B."

14.2 Transfer of Declarant Rights. Any or all of the special rights and obligations of Declarant reserved in this Declaration may be transferred in whole or in part to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or the Bylaws. No such transfer shall be effective unless it is in a written instrument signed and Recorded by Declarant. Any such transfer may be made effective only for so long as the transferee is the owner of any property described in Exhibit "A" or "B," provided, after such time any rights shall revert to the transferor for so long as it owns any property described in Exhibit "A" or "B."

The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety. In such case, it shall not be a requirement that the written assignment be Recorded, but Declarant may Record the assignment, in its discretion, to evidence its intentions.



14.3 Approval of Additional Covenants. Prior to Recording any covenants, conditions, and restrictions; plat; declaration of condominium; or similar instrument affecting any portion of the property described in Exhibit "A" or "B," the Person seeking to Record such instrument shall request review and approval. So long as Declarant owns any property described in Exhibit "A" or "B," the Declarant's permission is required. Thereafter, the Community Council's permission is required. Any attempted Recordation 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.

14.4 Amendment. This Article may not be amended without the written consent of Declarant so long as Declarant, or the assignee of any Declarant rights, owns any property described in Exhibit "A" or "B."

14.5 Existing Supplemental Declarations. Each of the Existing Supplemental Declarations is hereby deemed to supplement this Declaration, and each is hereby ratified and confirmed by the Declarant. The terms of each Existing Supplemental Declaration, with respect to the parcel affected thereby, are hereby incorporated into this Declaration as if fully set forth herein. In the event of any conflict between the terms of this Declaration and the terms of any Existing Supplemental Declaration, the terms of this Declaration shall control.

## CHANGES IN THE COMMUNITY

*Communities such as DC Ranch are dynamic and constantly evolving as circumstances, technology, needs and desires, and laws change; as the residents age and change over time; and as the surrounding community changes. DC Ranch and its governing documents must be able to adapt to these changes while protecting the things that make DC Ranch unique.*

## Article XV GENERAL

15.1 Notice. Any notice provided for in this Declaration shall be served personally; shall be mailed by United States Mail, first class, postage prepaid, registered or certified mail; or shall be transmitted by facsimile, computer, fiber optics or any such other electronic communication device to the president or secretary of the Community Council or a Ranch Association, as applicable, at its address within the DC Ranch community or at such other address as is designated in writing with the Community Council. All such notices shall, for all purposes, be deemed delivered (a) upon personal delivery to the party or address specified above; (b) on the third day after being deposited in the United States Mail (whether by first class, registered or certified mail), postage prepaid, and properly addressed, (c) upon transmission by facsimile and confirmation of receipt, or (d) on the third day after being transmitted to proper address by other electronic communication device.

## 15.2 Annexation.

(a) Unilateral Annexation By Declarant. Until the first to occur of all property described in Exhibit "B" being subjected to this Declaration, or 50 years after the Recording of this Declaration, Declarant shall have the unilateral right, privilege, and option at any time to subject all or any portion of the real property described in Exhibit "B" to the terms and provisions of this Declaration. Such annexation shall be accomplished by Recording Supplemental Covenants describing the property to be annexed. Declarant may transfer or assign this right to annex property, provided that the transferee or assignee is the owner of at least a portion of the real property described in Exhibit "A" or "B" and that such transfer or assignment is memorialized in a written, Recorded instrument executed by Declarant.

Nothing herein shall preclude the annexation of property that is not owned by Declarant, provided the owner thereof executes a written consent to such annexation. Declarant's rights to subject additional land to this Declaration shall not, and shall not be implied or construed so as to, impose any obligation upon Declarant to subject any additional land to this Declaration.

(b) Annexation by Others. No party other than Declarant may submit any property to the terms of this Declaration without Declarant's written consent, so long as Declarant owns any property described in Exhibit "A" or Exhibit "B," or of the Community Council thereafter. Any attempted submission of property to the terms of this Declaration without such consent shall result in the instrument purporting to submit such property's 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.

15.3 Transfer or Dedication of Community Property. The Community Council may dedicate portions of the community property to local, state, or federal governmental or quasi-governmental entities.

The Community Council may exchange property with any private entity or with local, state, or federal governmental or quasi-governmental entities, and modify common area boundaries in accordance with such exchange, so long as such exchange is deemed by the Community Council to be in the best interest of the owners of property subject to this Declaration; provided, any such property exchange and any corresponding common area boundary modification shall be memorialized in a written Recorded agreement, executed by the Community Council.

15.4 Enforcement. This Declaration is made for the express benefit of the Community Council, all owners, and any Ranch Association(s). The obligations created hereunder may be enforced by any means available at law or in equity by Declarant, the Community Council, any owner, or any Ranch Association.

15.5 Governmental Interests. So long as Declarant owns any portion of the real property described in Exhibit "A" or "B," Declarant may designate sites within the DC Ranch community for fire, police, utility facilities, public parks, and other public or quasi-public facilities. The sites may include undeveloped portions of the DC Ranch community, in which case the Community Council shall take whatever action is required with respect to such site to permit such use, including conveyance of the site, if so directed by Declarant.

15.6 Amendment.

(a) By Declarant. In addition to specific amendment rights granted elsewhere in this Declaration, this Declaration may be amended unilaterally by Declarant for so long as Declarant owns any portion of real property described in Exhibit "A" or "B" if such amendment (i) is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which is in conflict therewith; (ii) is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the DC Ranch community; (iii) is required by an institutional or governmental lender, purchaser, holder, insurer or guarantor of mortgage loans to enable it to make, purchase, insure or guarantee mortgage loans on any portion of the DC Ranch community; or (iv) does not materially and adversely affect the title to any individually owned property unless the owner thereof shall consent thereto in writing.

(b) By Community Council. In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least a majority of the Board and, so long as Declarant owns any portion of the DC Ranch community, the consent of Declarant or its assignee. However, no amendment shall be effective if, at a meeting, at least 2/3 vote of the total number of Ranch Associations disapprove and if more than 50% of all commercial owners subject to assessment in accordance with Section 9.10 and Exhibit "C" do so. For a Ranch Association to disapprove it must have the concurrence of a majority of its membership.

The Community Council shall notify each Ranch Association and commercial owner of its intention to amend this Declaration within 30 days of receiving the affirmative vote or written consent, or any combination thereof, of at least a majority of the Directors and any requisite consent of Declarant. The Community Council shall have no obligation to call a meeting for the purpose of considering the amendment except (i) in the event only one Ranch Association exists at the time the notice of the intention to amend this Declaration 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 amendment of this Declaration shall be required. The results of such vote to be presented to the Community Council ten days after delivery of the notice of the intention to amend this Declaration; (ii) in the event that two or more Ranch Associations exist at the time the notice of intention to amend this Declaration is sent, a petition of two or more Ranch Associations and at least 50% of all commercial owners subject to assessment in accordance with Section 9.10 and Exhibit "C" shall be required. Such petition shall be presented to the Community Council within ten days of delivering to all Ranch Associations and commercial owners the notice of its intention to amend this Declaration. No amendment by the Community



Council may materially and adversely affect the title to any individually owned property unless the owner thereof shall consent thereto in writing.

Notwithstanding the above, no amendment shall remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or its assignee of such right or privilege, and all amendments must be consistent with the requirements set forth in the First Amendment to Development Agreement recorded on July 21, 1995 as Document No. 95-0425859, official records of Maricopa County, Arizona, as amended from time to time (the "Development Agreement").

(c) Validity of Amendments. Amendments to this Declaration shall become effective upon Recordation, unless a later effective date is specified therein. Any challenge to an amendment must be made within six months of its Recording. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

15.7 Duration. Unless terminated as provided below, this Declaration shall have perpetual duration. If Arizona law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this Declaration shall automatically be extended at the expiration of such period for successive periods of 20 years each, unless terminated as provided below. Notwithstanding the above, if any provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Unless otherwise required by Arizona law, this Declaration shall not be terminated except by an instrument approved by the following: a majority of the Ranch Associations, each of which has received consent from at least 75% of its members; a majority of the owners subject to this Declaration who are not members of any Ranch Association, if any; a majority of the Directors; and, so long as Declarant owns any property described in Exhibit "A" or "B," the consent of Declarant.

Notwithstanding any other provision of this Declaration, this Declaration shall not terminate without the consent of the City of Scottsdale, Arizona for so long as such termination is prohibited by the Development Agreement or until July 31, 2020, whichever is later.

15.8 Interpretation. This Declaration shall be governed by Arizona law.

15.9 Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

15.10 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid. If the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be

given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

15.11 Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration on the 7<sup>th</sup> day of July, 1999.

DC RANCH L.L.C., an Arizona limited liability company

By: DMB Property Ventures Limited Partnership,  
a Delaware limited partnership,  
administrative member

By: DMB GP, Inc., an Arizona corporation,  
general partner

By Charley Freericks  
Charley Freericks  
Vice President

State of Arizona            )  
                                      ) ss.  
County of Maricopa        )

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of July, 1999, by Charley Freericks, Vice President of DMB GP, Inc., an Arizona corporation, for and on behalf of the corporation as general partner of DMB Property Ventures Limited Partnership, a Delaware limited partnership, for and on behalf of the partnership as the administrative member of DC Ranch L.L.C., an Arizona limited liability company, for and on behalf of the limited liability company.

My Commission Expires:  
7-14-02

DCRANCH\GOVERNANCE\WORD\CCRCC-RV

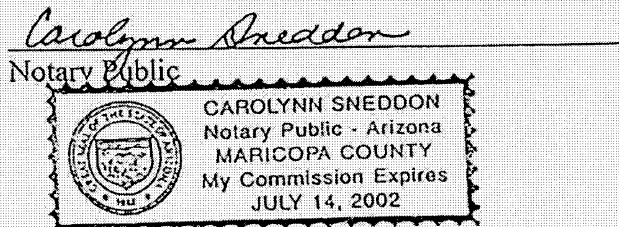


Exhibit "A"  
(Page 1 of 2)

Legal Description of Submitted Property

Parcel 2.9

Lots 1 through 49, inclusive, and Tracts "A", "B", "C", "D", "E", and "F", inclusive, of DC RANCH PARCEL 2.9, a subdivision according to the plat recorded in Book 437 of Maps, Page 34, records of Maricopa County, Arizona, as amended by Certificate of Correction recorded as Instrument No. 97-0391070, records of Maricopa County, Arizona.

Parcel 2.10

Lots 1 through 46, inclusive, and Tracts "A" through "D", inclusive, of DC RANCH PARCEL 2.10, a subdivision according to the plat recorded in Book 448 of Maps, Page 32, records of Maricopa County, Arizona, as amended by Certificate of Correction recorded as Instrument No. 98-0092993, records of Maricopa County, Arizona.

Parcel 2.13/2.14

Lots 1 through 166, inclusive, and Tracts "A" through "S", inclusive, of DC RANCH PARCEL 2.13/2.14, a subdivision according to the plat recorded in Book 461 of Maps, Page 10, records of Maricopa County, Arizona, as amended by Certificate of Correction recorded as Instrument No. 98-0257259 and by Certificate of Correction recorded as Instrument No. 98-0828191, records of Maricopa County, Arizona.

Parcel 4.1

Lots 401 through 478, inclusive, and Lots 486 through 495, inclusive, and Tracts A through H, inclusive, of DC RANCH PARCEL 4.1, a subdivision according to the plat recorded in Book 430 of Maps, Page 5, records of Maricopa County, Arizona.

Parcel 4.4

Lots 1 through 64, inclusive, and Tracts "A" through "P", inclusive, of DC RANCH PARCEL 4.4, a subdivision according to the plat recorded in Book 444 of Maps, Page 34, records of Maricopa County, Arizona.

Parcel 4.6

Lots 101 through 154, inclusive, and Tracts "A" through "K", inclusive, of DC RANCH PARCEL 4.6 REPLAT, a subdivision according to the plat recorded in Book 469 of Maps, Page 24, records of Maricopa County, Arizona.



Exhibit "A"  
(Page 2 of 2)

Parcel 4.7

Lots 479 through 485, inclusive, of DC RANCH PARCEL 4.7, a subdivision according to the plat recorded in Book 435 of Maps, Page 35, records of Maricopa County, Arizona.

Parcel 4.8

Lots 500 through 504, inclusive, and Tracts "A" and "B", inclusive, of DC RANCH PARCEL 4.8, a subdivision according to the plat recorded in Book 454 of Maps, Page 43, records of Maricopa County, Arizona.

Parcel 4.11

Units 1 through 45, inclusive, and Tracts "A" through "C", inclusive, of TAPADERO AT DC RANCH, a condominium according to the condominium plat recorded in Book 450 of Maps, Page 03, records of Maricopa County, Arizona.

Parcel 4.13

Lots 801 through 816, inclusive, and Tracts "A" through "E", inclusive, of DC RANCH PARCEL 4.13, a subdivision according to the plat recorded in Book 482 of Maps, Page 40, records of Maricopa County, Arizona.

Parcel 4.14

Lots 701 through 733, inclusive, and Tracts "A" through "I", inclusive, of DC RANCH PARCEL 4.14, a subdivision according to the plat recorded in Book 464 of Maps, Page 17, records of Maricopa County, Arizona.

Parcel 4.15

Lots 637 through 661, inclusive, and Tracts "A" through "E", inclusive, of DC RANCH PARCEL 4.15, a subdivision according to the plat recorded in Book 453 of Maps, Page 39, records of Maricopa County, Arizona.

Parcel 4.16

Lots 600 through 624, inclusive, and Tracts "A" through "G", inclusive, of DC RANCH PARCEL 4.16, a subdivision according to the plat recorded in Book 444 of Maps, Page 33, records of Maricopa County, Arizona, as amended by Certificate of Correction recorded as Instrument No. 97-0466171, records of Maricopa County, Arizona.

Mel E. Wood, P.E., R.L.S.  
 Ashok C. Patel, P.E., R.L.S.  
 James S. Campbell, P.E.  
 Gordon W. R. Wark, P.E.  
 Thomas R. Gettings, R.L.S.  
 Bruce Friedhoff, P.E.  
 Scott A. Nelson, R.L.S.  
 Richard L. Hiner, P.E.  
 Timothy A. Huval, P.E.  
 Michael J. Sexton, R.L.S.  
 Jack K. Moody, P.E.  
 Leslie J. Kland, P.E.  
 Carl Sitterley, R.L.S.  
 Curtis L. Brown, P.E.  
 Jan Lynck, P.E., R.L.S.  
 R. Scott Rasmussen, P.E.  
 Paul M. Hazz, P.E.  
 Shimin Zou, Ph.D., P.E.  
 David T. Phelps, P.E.  
 Michael T. Young, P.E.

Exhibit "B"  
 (Page 1 of 6)

WP #95302  
 Revised October 1, 1998  
 Revised April 9, 1998  
 May 30, 1997

PARCEL DESCRIPTION  
 DC Ranch Planning Units 1 through 6

A parcel of land lying within Sections 19-23, 27-29, and 31, Township 4 North, Range 5 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the northwest corner of said Section 19, said point being the POINT OF BEGINNING of the herein described parcel;  
 THENCE along the north line of said Section 19, North 89°57'31" East, a distance of 2378.29 feet, to the north quarter corner of said section;  
 THENCE continuing along said north line, North 89°54'27" East, a distance of 2640.80 feet, to the northeast corner of said Section 19, said point also being the northwest corner of said Section 20;  
 THENCE along the north line of said Section 20, North 89°54'12" East, a distance of 2632.16 feet, to the north quarter corner of said Section 20;  
 THENCE continuing along said north line, North 89°56'46" East, a distance of 2652.92 feet, to the northeast corner of said Section 20 said point also being the northwest corner of said Section 21;  
 THENCE along the north line of said Section 21, North 89°58'06" East, a distance of 2631.25 feet, to the north quarter corner of said Section 21;  
 THENCE continuing along said north line, North 89°50'12" East, a distance of 2639.84 feet, to the northeast corner of said Section 21, said point also being the northwest corner of said Section 22;  
 THENCE along the north line of said Section 22, South 89°39'54" East, a distance of 2632.52 feet, to the north quarter corner of said Section 22;  
 THENCE continuing along said north line, South 89°49'37" East, a distance of 2634.86 feet, to the northeast corner of said Section 22, said point also being the northwest corner of said Section 23;  
 THENCE along the north line of said Section 23, North 89°55'32" East, a distance of 413.72 feet;  
 THENCE leaving said north line, South 16°34'02" West, a distance of 298.78 feet;  
 THENCE South 32°29'06" West, a distance of 249.03 feet;  
 THENCE South 54°43'46" West, a distance of 200.14 feet;  
 THENCE South 25°30'00" West, a distance of 369.61 feet;  
 THENCE South 43°02'24" West, a distance of 101.25 feet;  
 THENCE South 69°41'17" West, a distance of 142.10 feet;  
 THENCE South 58°43'14" West, a distance of 294.53 feet;  
 THENCE South 71°34'33" West, a distance of 202.88 feet;  
 THENCE South 79°37'56" West, a distance of 356.23 feet;  
 THENCE South 55°47'54" West, a distance of 447.58 feet;  
 THENCE South 71°34'33" West, a distance of 187.28 feet;  
 THENCE South 82°42'05" West, a distance of 194.05 feet;

Exhibit "B"  
(Page 2 of 6)

PARCEL DESCRIPTION  
DC Rauch Planning Units 1 through 6

WP #95302  
Revised October 1, 1998  
Revised April 9, 1998  
May 30, 1997

THENCE South 64°42'37" West, a distance of 333.93 feet;  
THENCE South 51°35'48" West, a distance of 103.11 feet;  
THENCE South 29°22'16" West, a distance of 306.79 feet;  
THENCE South 38°40'28" West, a distance of 214.03 feet;  
THENCE South 50°50'28" West, a distance of 194.04 feet;  
THENCE South 60°57'31" West, a distance of 114.73 feet;  
THENCE South 68°45'40" West, a distance of 107.61 feet;  
THENCE South 27°46'18" West, a distance of 119.61 feet;  
THENCE South 14°37'49" West, a distance of 132.40 feet;  
THENCE South 33°02'16" West, a distance of 132.88 feet;  
THENCE South 68°12'37" West, a distance of 150.03 feet;  
THENCE South 42°10'51" West, a distance of 398.36 feet;  
THENCE South 19°18'03" West, a distance of 118.03 feet;  
THENCE South 42°31'31" West, a distance of 90.69 feet;  
THENCE South 55°45'09" West, a distance of 232.21 feet;  
THENCE South 26°44'51" West, a distance of 319.89 feet;  
THENCE South 37°36'39" West, a distance of 267.11 feet;  
THENCE South 20°14'10" West, a distance of 85.70 feet;  
THENCE South 14°46'17" East, a distance of 282.77 feet;  
THENCE South 52°54'17" West, a distance of 178.37 feet;  
THENCE South 14°46'17" East, a distance of 341.46 feet;  
THENCE South 75°09'53" West, a distance of 571.95 feet;  
THENCE South 69°08'35" West, a distance of 558.45 feet;  
THENCE South 14°16'53" West, a distance of 143.97 feet;  
THENCE South 24°41'53" East, a distance of 105.07 feet;  
THENCE South 65°54'24" East, a distance of 337.06 feet;  
THENCE North 85°50'13" East, a distance of 607.74 feet;  
THENCE South 06°30'10" West, a distance of 621.01 feet;  
THENCE South 54°53'38" West, a distance of 779.19 feet;  
THENCE South 69°28'29" West, a distance of 615.81 feet;  
THENCE South 52°14'20" West, a distance of 209.45 feet;  
THENCE South 31°46'10" West, a distance of 213.58 feet;  
THENCE South 07°07'55" West, a distance of 338.74 feet;  
THENCE South 47°13'03" West, a distance of 140.57 feet;  
THENCE South 29°29'21" West, a distance of 100.92 feet;  
THENCE South 79°13'26" West, a distance of 163.36 feet;  
THENCE South 39°42'01" West, a distance of 233.31 feet;  
THENCE South 67°22'13" West, a distance of 387.07 feet;  
THENCE South 61°50'49" West, a distance of 275.20 feet;  
THENCE South 49°02'35" West, a distance of 192.27 feet;  
THENCE South 36°23'56" West, a distance of 180.31 feet;  
THENCE South 26°00'58" West, a distance of 174.25 feet;  
THENCE South 04°20'17" West, a distance of 183.42 feet;  
THENCE South 73°18'39" West, a distance of 159.56 feet;  
THENCE South 78°41'55" West, a distance of 146.12 feet;



Exhibit "B"  
(Page 3 of 6)

PARCEL DESCRIPTION  
DC Ranch Planning Units 1 through 6

WP #95302  
Revised October 1, 1998  
Revised April 9, 1998  
May 30, 1997

THENCE South 49°15'56" West, a distance of 400.91 feet;  
THENCE South 31°15'32" West, a distance of 556.26 feet;  
THENCE South 60°37'02" West, a distance of 273.06 feet;  
THENCE South 88°47'09" West, a distance of 157.53 feet;  
THENCE South 71°57'00" West, a distance of 162.13 feet;  
THENCE South 82°45'14" West, a distance of 185.79 feet;  
THENCE North 87°52'31" West, a distance of 181.08 feet;  
THENCE South 72°04'57" West, a distance of 119.75 feet;  
THENCE South 02°29'42" West, a distance of 154.24 feet;  
THENCE South 11°40'04" West, a distance of 215.49 feet;  
THENCE South 03°56'32" East, a distance of 97.37 feet;  
THENCE South 00°36'19" East, a distance of 314.90 feet;  
THENCE South 20°05'15" West, a distance of 86.02 feet, to the southeast corner of the southwest quarter of the southwest quarter of said Section 28;  
THENCE along the south line of said Section 28, South 89°56'59" West, a distance of 1321.23 feet, to the southwest corner of said Section 28, said point also being the southeast corner of Section 29;  
THENCE along the south line of said Section 29, South 89°47'45" West, a distance of 2644.56 feet, to the south quarter corner of said Section 29;  
THENCE continuing along said south line, North 89°47'17" West, a distance of 2642.74 feet, to the southwest corner of said Section 29, said point also being the northeast corner of said Section 31;  
THENCE along the east line of said Section 31, South 00°02'24" East, a distance of 1321.15 feet, to the southeast corner of the northeast quarter of the northeast quarter of said Section 31;  
THENCE along the south line of the north half of the northeast quarter of said Section 31, South 89°57'25" West, a distance of 1319.45 feet, to the southwest corner of the northeast quarter of the northeast quarter of said Section 31;  
THENCE along the west line of the east half of the northeast quarter of said Section 31, South 00°01'17" East, a distance of 1320.96 feet, to the northwest corner of the northeast quarter of the southeast quarter of said Section 31;  
THENCE along the east-west mid-section line of said Section 31, North 89°57'56" East, a distance of 659.94 feet, to the southwest corner of the southeast quarter of the southeast quarter of the northeast quarter of said Section 31;  
THENCE along the west line of the southeast quarter of the southeast quarter of the northeast quarter of said Section 31, North 00°01'50" West, a distance of 660.53 feet, to the northwest corner of the southeast quarter of the southeast quarter of the northeast quarter of said Section 31;  
THENCE along the north line of the southeast quarter of the southeast quarter of the northeast quarter of said Section 31, North 89°57'40" East, a distance of 659.83 feet, to the northeast corner of the southeast quarter of the southeast quarter of the northeast quarter of said Section 31;  
THENCE along the east line of said Section 31, South 00°02'24" East, a distance of 660.58 feet, to the east quarter corner of said Section 31;  
THENCE continuing along said east line, South 00°02'54" East, a distance of 1321.03

Exhibit "B"  
(Page 4 of 6)

PARCEL DESCRIPTION  
DC Ranch Planning Units 1 through 6

WP #95302  
Revised October 1, 1998  
Revised April 9, 1998  
May 30, 1997

feet, to the southeast corner of the northeast quarter of the southeast quarter of said Section 31;

THENCE along the south line of the north half of the southeast quarter of said Section 31, South 89°58'20" West, a distance of 2640.80 feet, to the southeast corner of the northeast quarter of the southwest quarter of said Section 31;

THENCE along the south line of the north half of the southwest quarter of said Section 31, South 89°58'20" West, a distance of 1319.36 feet, to the southwest corner of the northeast quarter of the southwest quarter of said Section 31;

THENCE along the west line of the northeast quarter of the southwest quarter of said Section 31, North 00°03'25" West, a distance of 1320.57 feet, to the northwest corner of the northeast quarter of the southwest quarter of said Section 31;

THENCE along the west line of the east half of the northwest quarter of said Section 31, North 00°03'27" West, a distance of 2641.14 feet, to the north line of the northwest quarter of said Section 31;

THENCE leaving said west line along said north line, North 89°56'55" East, a distance of 1323.11 feet, to the north quarter corner of said Section 31;

THENCE along the north line of the northeast quarter of said Section 31, North 89°56'55" East, a distance of 2638.05 feet to the northeast corner of said Section 31, said point also being the southwest corner of said Section 29;

THENCE along the west line of said Section 29, North 00°01'02" West, a distance of 2641.12 feet, to the west quarter corner of said Section 29;

THENCE continuing along said west line, North 00°04'28" West, a distance of 2641.66 feet, to the northwest corner of said Section 29, said point also being the southeast corner of said Section 19;

THENCE along the south line of said Section 19, South 89°55'31" West, a distance of 2639.09 feet, to the south quarter corner of said Section 19;

THENCE continuing along said south line, South 89°57'09" West, a distance of 2385.32 feet, to the southwest corner of said Section 19;

THENCE along the west line of said Section 19, North 00°00'43" East, a distance of 2640.27 feet, to the west quarter corner of said Section 19;

THENCE continuing along said west line, North 00°00'19" East, a distance of 2639.60 feet to the POINT OF BEGINNING.

Subject to existing rights-of-way and easements.

EXCEPT the following property:

Exhibit "B"  
(Page 5 of 6)

Parcel 2.9

Lots 1 through 49, inclusive, and Tracts "A", "B", "C", "D", "E", and "F", inclusive, of DC RANCH PARCEL 2.9, a subdivision according to the plat recorded in Book 437 of Maps, Page 34, records of Maricopa County, Arizona, as amended by Certificate of Correction recorded as Instrument No. 97-0391070, records of Maricopa County, Arizona.

Parcel 2.10

Lots 1 through 46, inclusive, and Tracts "A" through "D", inclusive, of DC RANCH PARCEL 2.10, a subdivision according to the plat recorded in Book 448 of Maps, Page 32, records of Maricopa County, Arizona, as amended by Certificate of Correction recorded as Instrument No. 98-0092993, records of Maricopa County, Arizona.

Parcel 2.13/2.14

Lots 1 through 166, inclusive, and Tracts "A" through "S", inclusive, of DC RANCH PARCEL 2.13/2.14, a subdivision according to the plat recorded in Book 461 of Maps, Page 10, records of Maricopa County, Arizona, as amended by Certificate of Correction recorded as Instrument No. 98-0257259 and by Certificate of Correction recorded as Instrument No. 98-0828191, records of Maricopa County, Arizona.

Parcel 4.1

Lots 401 through 478, inclusive, and Lots 486 through 495, inclusive, and Tracts A through H, inclusive, of DC RANCH PARCEL 4.1, a subdivision according to the plat recorded in Book 430 of Maps, Page 5, records of Maricopa County, Arizona.

Parcel 4.4

Lots 1 through 64, inclusive, and Tracts "A" through "P", inclusive, of DC RANCH PARCEL 4.4, a subdivision according to the plat recorded in Book 444 of Maps, Page 34, records of Maricopa County, Arizona.

Parcel 4.6

Lots 101 through 154, inclusive, and Tracts "A" through "K", inclusive, of DC RANCH PARCEL 4.6 REPLAT, a subdivision according to the plat recorded in Book 469 of Maps, Page 24, records of Maricopa County, Arizona.



Exhibit "B"  
(Page 6 of 6)

Parcel 4.7

Lots 479 through 485, inclusive, of DC RANCH PARCEL 4.7, a subdivision according to the plat recorded in Book 435 of Maps, Page 35, records of Maricopa County, Arizona.

Parcel 4.8

Lots 500 through 504, inclusive, and Tracts "A" and "B", inclusive, of DC RANCH PARCEL 4.8, a subdivision according to the plat recorded in Book 454 of Maps, Page 43, records of Maricopa County, Arizona.

Parcel 4.11

Units 1 through 45, inclusive, and Tracts "A" through "C", inclusive, of TAPADERO AT DC RANCH, a condominium according to the condominium plat recorded in Book 450 of Maps, Page 03, records of Maricopa County, Arizona.

Parcel 4.13

Lots 801 through 816, inclusive, and Tracts "A" through "E", inclusive, of DC RANCH PARCEL 4.13, a subdivision according to the plat recorded in Book 482 of Maps, Page 40, records of Maricopa County, Arizona.

Parcel 4.14

Lots 701 through 733, inclusive, and Tracts "A" through "T", inclusive, of DC RANCH PARCEL 4.14, a subdivision according to the plat recorded in Book 464 of Maps, Page 17, records of Maricopa County, Arizona.

Parcel 4.15

Lots 637 through 661, inclusive, and Tracts "A" through "E", inclusive, of DC RANCH PARCEL 4.15, a subdivision according to the plat recorded in Book 453 of Maps, Page 39, records of Maricopa County, Arizona.

Parcel 4.16

Lots 600 through 624, inclusive, and Tracts "A" through "G", inclusive, of DC RANCH PARCEL 4.16, a subdivision according to the plat recorded in Book 444 of Maps, Page 33, records of Maricopa County, Arizona, as amended by Certificate of Correction recorded as Instrument No. 97-0466171, records of Maricopa County, Arizona.

## EXHIBIT "C"

### Calculation of Assessments

#### PART I

*The following provisions shall apply to all Parcels and Lots (as defined below) sold by Declarant pursuant to a written sale agreement entered into BEFORE September 1, 1999; for provisions applicable to Parcels and Lots sold by Declarant pursuant to a written sale agreement entered into on or after September 1, 1999, see PART II below.*

(A) Determination of Equivalent Units. Assessment obligations under this Declaration shall be based upon the number of "Equivalent Units" assigned to a particular Parcel or Lot. For purposes of this Exhibit, a "Parcel" is any separately owned unit of real property in DC Ranch that is not a "Lot," and a "Lot" is any separately owned unit of real property in DC Ranch that is identified as a lot on a Recorded subdivision plat or as a unit on a Recorded condominium plat. As set forth in Table 1 below, the Community Council shall assign each Parcel and Lot Equivalent Units based upon (i) in the case of Parcels, the use for which a Parcel has been developed or is to be developed ("Land Use Classification") and the gross acreage of the Parcel, and (ii) in the case of Lots, the stage of development of the Lot.

Recorded Supplemental Covenants for each Parcel shall set forth the Land Use Classification and gross acreage of such Parcel. The gross acreage set forth in the Recorded Supplemental Covenants shall be conclusive unless the owner of such Parcel and the Community Council mutually agree upon a different gross acreage. All Lots shall be deemed to have a Land Use Classification of Single-Family Residential. The number of Equivalent Units attributable to each Parcel with a Land Use Classification of Commercial or Multi-Family Residential shall be rounded to the nearest whole number, provided that the Community Council shall allocate to each such Parcel at least one Equivalent Unit. The Community Council shall determine the appropriate number of Equivalent Units to assign to each Lot and Parcel at least annually, and shall make at least one such determination within a reasonable period before the adoption of a budget for the following fiscal year.

For purposes of Table 1, (a) a Lot shall be deemed "created" when it is identified as a lot on a Recorded subdivision plat or as a unit on a Recorded condominium plat, (b) "building permit issuance" shall be deemed to occur with respect to *all* Lots owned by a single Person (and any affiliates of such Person) and subject to a single Recorded subdivision plat or condominium plat at such time as a building permit is issued by the City of Scottsdale for a residential dwelling on *any* such Lot, and (c) "certificate of occupancy issuance" shall be deemed to occur with respect to *all* Lots owned by a single Person (and any affiliates of such Person) and subject to a single Recorded subdivision plat or condominium plat upon the issuance of a certificate of occupancy by the City of Scottsdale for a residential dwelling on *any* such Lot.

TABLE 1		
Land Use Classification	Stage of Development	Equivalent Units
Single-Family Residential, Lot	From date Lot is created through earlier of (i) six months after building permit issuance or (ii) certificate of occupancy issuance or (iii) December 31, 1999	0.25 per Lot
Single-Family Residential, Lot	From six months and one day after building permit issuance through earlier of (i) twelve months after building permit issuance or (ii) certificate of occupancy issuance or (iii) December 31, 1999	0.50 per Lot
Single-Family Residential, Lot	From and after earlier of (i) twelve months and one day after building permit issuance or (ii) certificate of occupancy issuance or (iii) December 31, 1999	1.00 per Lot
Single-Family Residential, Parcel		0.00
Multi-Family Residential, Parcel		1.00 per residential dwelling unit
Commercial Parcel		1.00 per 1/6 gross acre within Parcel

(B) Calculation of Assessment. Each Lot's or Parcel's proportionate share of any Common Expenses (whether a General Assessment or a Special Assessment), and each such Parcel's proportionate share of the Commercial District Expenses applicable to such Parcel, shall be a fraction, the numerator of which shall be the total number of Equivalent Units allocated to such Lot or Parcel, and the denominator of which shall be the total number of Equivalent Units allocated to all Lots and Parcels subject to the assessment.

(C) Change in Stage of Development. If the stage of development attributed to any Lot or Lots changes during a fiscal year, or if any portion of a Parcel is subdivided into one or more Lots, the Community Council may, but need not, levy an additional General Assessment or Special Assessment (for purposes of this paragraph, collectively referred to as an "additional assessment") against the affected Lot(s) to reflect the new stage of development and the additional Equivalent Units allocable to such Lots due to the change in the stage of development. Any such allocation of additional Equivalent Units shall be effective as of the date of the change in the stage of development (e.g., the Recordation of a subdivision plat subdividing a Parcel into Lots or the issuance of a building permit or a certificate of occupancy).



The additional assessment shall be equal to the difference between the assessments originally levied against such Lot(s) and the assessments that would have been levied if the new stage of development had been applicable at the time of the original levy, such difference to be pro rated based on the number of days remaining in the fiscal year on the date of the levy of the additional assessment. The owner(s) of the affected Lot(s) shall pay any additional assessment within 30 days after receipt of notice of levy of the additional assessment from the Community Council. Notwithstanding any such additional assessment, the Community Council need not adjust any assessments against any other Lot or Parcel to take into account such additional assessment until the budget for the next fiscal year is determined.

(D) Examples. The following examples are intended to illustrate the foregoing provisions:

1. A Person has title to a single-family residential Parcel, for which there is no Recorded plat creating Lots. Although the Parcel has been subjected to this Declaration, the Parcel's share of any assessments levied is \$0.00 because the Parcel has not yet been "subdivided," and the Community Council, therefore, would allocate to the Parcel 0.00 Equivalent Units.

2. A Person has title to 20 separate subdivided Lots as shown on a Recorded subdivision plat. The Community Council would assign each such Lot 0.25 Equivalent Units initially and would assign the group of Lots a total of five (5.00) Equivalent Units initially (0.25 Equivalent Units per Lot multiplied by 20 Lots = 5.00 Equivalent Units).

At a later date within the same fiscal year, the Community Council inspects the Lots to determine their stage of development. Seven months prior to the inspection, the City of Scottsdale issued a building permit for a residential dwelling on one such Lot (the "Permitted Lot"). (The City of Scottsdale has not issued a building permit for any of the other 19 separate subdivided Lots on the Recorded subdivision plat.) The Community Council may then assign 0.50 Equivalent Units to the Permitted Lot and each other Lot that is owned by the same Person (or any affiliate of such Person) and created on the same Recorded subdivision plat as the Permitted Lot, and then adjust the assessments payable with respect to each such Lot. The allocation of additional Equivalent Units would be effective as of the date on which the City of Scottsdale issued the building permit for the Permitted Lot.

3. A Person owns a Parcel with a Land Use Classification of Commercial and with an area of three gross acres. The Community Council would assign to the Parcel 18.00 Equivalent Units (6.0 Equivalent Units per acre, multiplied by 3 acres = 18.00 Equivalent Units).

## PART II

*The following provisions shall apply to all Parcels and Lots sold by Declarant pursuant to a written sale agreement entered into ON OR AFTER September 1, 1999; for provisions applicable to Parcels and Lots sold by Declarant pursuant to a written sale agreement entered into before September 1, 1999, see PART I above.*

(A) Determination of Equivalent Units. Assessment obligations under this Declaration shall be based upon the number of "Equivalent Units" assigned to a particular Parcel or Lot. For purposes of this Exhibit, a "Parcel" is any separately owned unit of real property in DC Ranch that is not a "Lot," and a "Lot" is any separately owned unit of real property in DC Ranch that is identified as a lot on a Recorded subdivision plat or as a unit on a Recorded condominium plat. As set forth in Table 2, the Community Council shall assign each Parcel and Lot Equivalent Units based upon (i) in the case of Parcels, the use for which a Parcel has been developed or is to be developed ("Land Use Classification") and the gross acreage of the Parcel, and (ii) in the case of Lots, the length of time since the "date of the first sale" (as defined below).

Recorded Supplemental Covenants for each Parcel shall set forth the Land Use Classification and gross acreage of such Parcel. The gross acreage set forth in the Recorded Supplemental Covenants shall be conclusive unless the owner of such Parcel and the Community Council mutually agree upon a different gross acreage. All Lots shall be deemed to have a Land Use Classification of Single-Family Residential. The number of Equivalent Units attributable to each Parcel with a Land Use Classification of Commercial shall be rounded to the nearest whole number, provided that the Community Council shall allocate to each such Parcel at least one Equivalent Unit. The Community Council shall determine the appropriate number of Equivalent Units to assign to each Lot and Parcel at least annually, and shall make at least one such determination within a reasonable period before the adoption of a budget for the following fiscal year.

For purposes of Table 2, (a) a Lot shall be deemed "created" when it is identified as a lot on a Recorded subdivision plat or as a unit on a Recorded condominium plat, (b) the "date of the first sale" shall mean, with respect to *all* Lots owned by a single Person (and any affiliates and successors-in-title of such Person) and subject to a single Recorded subdivision plat or condominium plat, the date on which Declarant first sold to such Person (or any affiliate of such Person) a Lot within the applicable subdivision or condominium, and (c) "certificate of occupancy issuance" shall be deemed to occur with respect to *all* Lots owned by a single Person (and any affiliates and successors-in-title of such Person) and subject to a single Recorded subdivision plat or condominium plat upon the issuance of a certificate of occupancy by the City of Scottsdale for a residential dwelling on *any* such Lot.

TABLE 2		
Land Use Classification	Stage of Development	Equivalent Units
Single-Family Residential, Lot	From date Lot is created through the earlier of (i) certificate of occupancy issuance or (ii) one year after the date of the first sale	0.50 per Lot <sup>2</sup>
Single-Family Residential, Lot	From and after the earlier of (i) certificate of occupancy issuance or (ii) one year after the date of the first sale	1.00 per Lot
Single-Family Residential, Parcel		0.00
Multi-Family Residential, Parcel		1.00 per residential dwelling unit
Commercial, Parcel		1.00 per 1/6 gross acre within Parcel

(B) Calculation of Assessment. Each Lot's or Parcel's proportionate share of any Common Expenses (whether a General Assessment or a Special Assessment), and each such Parcel's proportionate share of the Commercial District Expenses applicable to such Parcel, shall be a fraction, the numerator of which shall be the total number of Equivalent Units allocated to such Lot or Parcel, and the denominator of which shall be the total number of Equivalent Units allocated to all Lots and Parcels subject to the assessment.

(C) Additional Assessments. If the first annual anniversary of the "date of first sale" occurs during a fiscal year, the Community Council may, but need not, levy an additional General Assessment or Special Assessment (for purposes of this paragraph, collectively referred to as an "additional assessment") against all Lot(s) owned by such Person in the applicable subdivision, or if any portion of a Parcel is subdivided into one or more Lots, the Community Council may, but need not, levy an additional assessment against the new subdivided Lots. The additional assessment shall be equal to the difference between the assessments originally levied against such Lot(s) and the assessments that would have been levied if the first annual anniversary of the "date of the first sale" or the subdivision of the Parcel (as applicable) had occurred before the original levy, such difference to be pro rated based on the number of days remaining in the fiscal year on the date of the levy of the additional assessment. The owner(s) of the affected Lot(s) shall pay any additional assessment within 30 days after receipt of notice of levy of the additional assessment from the Community Council. Notwithstanding any such additional assessment, the Community Council need not adjust any assessments against any other Lot or Parcel to take into account such additional assessment until the budget for the next fiscal year is determined.



(D) Examples. The following examples are intended to illustrate the foregoing provisions:

1. A Person has title to a single-family residential Parcel, for which there is no Recorded plat creating Lots. Although the Parcel has been subjected to this Declaration, the Parcel's share of any assessments levied is \$0.00 because the Parcel has not yet been "subdivided," and the Community Council, therefore, would allocate to the Parcel 0.00 Equivalent Units.

2. A Person has title to 20 separate subdivided Lots as shown on a Recorded subdivision plat, which were sold to such Person by Declarant in several separate transactions over the course of nine months. Each such Lot would be assigned 0.50 Equivalent Units initially and the group of Lots would be assigned a total of ten (10.00) Equivalent Units initially (0.50 Equivalent Units per Lot multiplied by 20 Lots = 10.00 Equivalent Units). On the first annual anniversary of the date on which the first such Lot was sold to the Person by Declarant, the Community Council may assign 1.00 Equivalent Units to that Lot and to each other Lot in the subdivision that is owned by the same Person (or any affiliate of such Person) and then levy an additional assessment against each such Lot from the date on which such anniversary occurred.

3. A Person owns a Parcel with a Land Use Classification of Commercial and with an area of three gross acres. The Community Council would assign to the Parcel 18.00 Equivalent Units (6.0 Equivalent Units per acre, multiplied by 3 acres = 18.00 Equivalent Units).

Fred E. Wood, P.E., R.L.S.  
 Shok C. Patel, P.E., R.L.S.  
 James S. Campbell, P.E.  
 Gordon W. R. Wark, P.E.  
 Thomas R. Gettings, R.L.S.  
 Bruce Friedhoff, P.E.  
 Scott A. Nelson, R.L.S.  
 Richard L. Hiner, P.E.  
 Timothy A. Huval, P.E.  
 Michael J. Sexton, R.L.S.  
 Jack K. Moody, P.E.  
 Leslie J. Kland, P.E.  
 Curtis L. Brown, P.E.  
 R. Scott Rasmussen, P.E.  
 Paul M. Haas, P.E.  
 Shimin Zou, Ph.D., P.E.  
 David T. Phelps, P.E.  
 Michael T. Young, P.E.  
 Shawn D. Gustafson, P.E.

June 25, 1999

WP #96399

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## EXHIBIT "D"

PARCEL DESCRIPTION  
 DC Ranch  
 Proposed Golf Course Parcel

A parcel of land lying within Section 19, Township 4 North, Range 5 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the intersection of the survey control lines of Thompson Peak Parkway (westbound) and Desert Camp Drive (western intersection) of the Map of Dedication for DC Ranch Phase One as recorded in Book 430, page 04, Maricopa County Records (M.C.R.);

THENCE along the survey control line of said Desert Camp Drive, North  $16^{\circ}53'58''$  East, a distance of 52.00 feet, to the northerly right-of-way line of said Thompson Peak Parkway, said line also being the southerly line of Tract "A" of said Map of Dedication;

THENCE leaving said survey control line, along said northerly right-of-way line and said southerly line, North  $73^{\circ}06'02''$  West, a distance of 4.00 feet;

THENCE North  $66^{\circ}49'46''$  West, a distance of 45.77 feet, to the beginning of a non-tangent curve and the POINT OF BEGINNING;

THENCE leaving said southerly line, continuing along said northerly right-of-way line, southerly along said curve, having a radius of 25.00 feet, concave northwesterly, whose radius bears North  $73^{\circ}06'02''$  West, through a central angle of  $90^{\circ}00'00''$ , a distance of 39.27 feet, to the curve's end;

THENCE North  $73^{\circ}06'02''$  West, a distance of 15.28 feet;

THENCE North  $64^{\circ}58'13''$  West, a distance of 70.71 feet;

THENCE North  $73^{\circ}06'02''$  West, a distance of 47.21 feet;

THENCE North  $16^{\circ}53'58''$  East, a distance of 3.50 feet;

THENCE North  $73^{\circ}06'02''$  West, a distance of 19.00 feet;

THENCE South  $16^{\circ}53'58''$  West, a distance of 3.32 feet;

THENCE North  $87^{\circ}08'12''$  West, a distance of 42.00 feet, to the beginning of a non-tangent curve;

THENCE westerly along said curve, having a radius of 6532.00 feet, concave southerly, whose radius bears South  $16^{\circ}50'46''$  West, through a central angle of  $04^{\circ}25'01''$ , a distance of 503.57 feet, to a point of reverse curvature;

THENCE westerly along said curve, having a radius of 2668.00 feet, concave northerly through a central angle of  $17^{\circ}00'15''$ , a distance of 791.80 feet, to the curve's end;

THENCE North  $60^{\circ}34'01''$  West, a distance of 568.52 feet, to the beginning of a curve;

THENCE northwesterly along said curve, having a radius of 1832.00 feet, concave southwesterly through a central angle of  $02^{\circ}14'56''$ , a distance of 71.90 feet, to a point of intersection with a non-tangent line;

THENCE North  $55^{\circ}49'44''$  West, a distance of 45.56 feet;

THENCE leaving said northerly right-of-way line, North  $39^{\circ}54'11''$  East, a distance of 255.59 feet;

THENCE North  $04^{\circ}27'15''$  East, a distance of 44.04 feet;

THENCE North  $54^{\circ}55'27''$  West, a distance of 481.11 feet, to the beginning of a curve;

THENCE northwesterly along said curve, having a radius of 75.00 feet, concave southeasterly through a central angle of  $170^{\circ}44'57''$ , a distance of 223.51 feet, to the southerly line of Tract "C" of DC Ranch Parcel 4.1 as recorded in Book 430, page 05, M.C.R. and to a point of reverse curvature;

THENCE along said southerly line, southeasterly along said curve, having a radius of 530.00 feet, concave northerly through a central angle of  $09^{\circ}31'48''$ , a distance of 88.16 feet, to the curve's end;

THENCE South  $73^{\circ}42'18''$  East, a distance of 174.94 feet;

THENCE South  $90^{\circ}00'00''$  East, a distance of 128.83 feet;

THENCE North  $27^{\circ}38'05''$  East, a distance of 27.59 feet, to the southerly line of DC Ranch Parcel 4.4 as recorded in Book 444, page 34, M.C.R.;

THENCE leaving the southerly line of said Tract "C", along the southerly line of said DC Ranch Parcel 4.4, South  $10^{\circ}48'05''$  East, a distance of 76.13 feet;

THENCE South  $80^{\circ}50'37''$  East, a distance of 270.66 feet;

THENCE South  $75^{\circ}02'31''$  East, a distance of 41.54 feet;

THENCE South  $01^{\circ}52'54''$  East, a distance of 95.00 feet;

THENCE South  $86^{\circ}46'49''$  West, a distance of 26.50 feet;

THENCE South  $02^{\circ}28'13''$  East, a distance of 95.01 feet;

THENCE South  $21^{\circ}55'18''$  West, a distance of 129.39 feet;

THENCE South  $52^{\circ}23'39''$  East, a distance of 67.47 feet;

THENCE South  $88^{\circ}01'18''$  East, a distance of 34.33 feet;

THENCE South  $77^{\circ}21'37''$  East, a distance of 20.68 feet;

THENCE North  $35^{\circ}44'52''$  East, a distance of 16.33 feet;

THENCE South  $52^{\circ}57'22''$  East, a distance of 39.85 feet;

THENCE South  $66^{\circ}36'09''$  East, a distance of 56.46 feet;

THENCE North  $35^{\circ}44'52''$  East, a distance of 12.75 feet;

THENCE South  $54^{\circ}22'35''$  East, a distance of 58.84 feet;

THENCE South  $66^{\circ}36'09''$  East, a distance of 37.02 feet;



PARCEL DESCRIPTION  
DC Ranch  
Proposed Golf Course Parcel

EXHIBIT "D"

June 25, 1999  
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THENCE South  $85^{\circ}33'42''$  East, a distance of 84.04 feet;  
THENCE South  $69^{\circ}53'19''$  East, a distance of 95.00 feet;  
THENCE North  $20^{\circ}06'41''$  East, a distance of 53.68 feet;  
THENCE South  $69^{\circ}53'19''$  East, a distance of 95.00 feet;  
THENCE North  $86^{\circ}43'34''$  East, a distance of 32.87 feet;  
THENCE South  $66^{\circ}55'36''$  East, a distance of 95.00 feet;  
THENCE South  $23^{\circ}04'24''$  West, a distance of 2.77 feet;  
THENCE South  $66^{\circ}55'36''$  East, a distance of 95.00 feet;  
THENCE North  $23^{\circ}04'24''$  East, a distance of 8.40 feet;  
THENCE South  $66^{\circ}55'36''$  East, a distance of 95.00 feet;  
THENCE North  $23^{\circ}04'24''$  East, a distance of 47.46 feet;  
THENCE South  $67^{\circ}01'09''$  East, a distance of 95.00 feet;  
THENCE South  $35^{\circ}42'29''$  East, a distance of 42.46 feet;  
THENCE South  $53^{\circ}51'04''$  East, a distance of 95.00 feet;  
THENCE North  $36^{\circ}08'56''$  East, a distance of 140.00 feet;  
THENCE North  $55^{\circ}17'03''$  East, a distance of 27.11 feet, to the westerly line of Tract  
"A" of said Map of Dedication;  
THENCE leaving said southerly line, along said westerly line, South  $34^{\circ}42'57''$  East,  
a distance of 233.48 feet, to the beginning of a curve;  
THENCE southeasterly along said curve, having a radius of 418.00 feet, concave  
westerly through a central angle of  $32^{\circ}08'05''$ , a distance of 234.44 feet, to a point of  
reverse curvature;  
THENCE southerly along said curve, having a radius of 1682.00 feet, concave  
easterly through a central angle of  $00^{\circ}47'37''$ , a distance of 23.29 feet, to a point of  
intersection with a non-tangent line;  
THENCE South  $51^{\circ}15'47''$  West, a distance of 35.92 feet;  
THENCE South  $38^{\circ}44'13''$  East, a distance of 35.00 feet;  
THENCE North  $51^{\circ}15'47''$  East, a distance of 10.33 feet, to the beginning of a  
non-tangent curve;  
THENCE southerly along said curve, having a radius of 138.50 feet, concave  
westerly, whose radius bears North  $87^{\circ}06'21''$  West, through a central angle of  
 $09^{\circ}10'46''$ , a distance of 22.19 feet, to a point of reverse curvature;  
THENCE southerly along said curve, having a radius of 161.50 feet, concave easterly  
through a central angle of  $15^{\circ}09'37''$ , a distance of 42.73 feet, to a point of reverse  
curvature;  
THENCE southerly along said curve, having a radius of 254.50 feet, concave  
westerly through a central angle of  $19^{\circ}59'11''$ , a distance of 88.78 feet, to the curve's  
end;  
THENCE South  $16^{\circ}53'58''$  West, a distance of 42.86 feet, to the POINT OF  
BEGINNING.

TOGETHER WITH:

A parcel of land lying within Section 19, Township 4 North, Range 5 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the southernmost corner of Lot 477 of DC Ranch Parcel 4.1 as recorded in Book 430, page 05, M.C.R., said point also being on the westerly line of Tract "A" of the Map of Dedication for DC Ranch Phase One as recorded in Book 430, page 04, M.C.R., said point being the POINT OF BEGINNING of the herein described parcel, and a point of curvature;

THENCE along the westerly line of said Tract "A", southwesterly along said curve, having a radius of 361.50 feet, concave southeasterly, whose radius bears South  $37^{\circ}34'45''$  East, through a central angle of  $11^{\circ}35'22''$ , a distance of 73.12 feet, to a point of reverse curvature;

THENCE southwesterly along said curve, having a radius of 338.50 feet, concave northwesterly through a central angle of  $05^{\circ}40'10''$ , a distance of 33.50 feet, to a point of reverse curvature;

THENCE southwesterly along said curve, having a radius of 1025.00 feet, concave southeasterly through a central angle of  $18^{\circ}01'11''$ , a distance of 322.37 feet, to the curve's end;

THENCE South  $28^{\circ}28'52''$  West, a distance of 542.32 feet, to the easterly line of DC Ranch Parcel 4.4 as recorded in Book 444, page 34, M.C.R.;

THENCE leaving said westerly line, along said easterly line, North  $61^{\circ}31'08''$  West, a distance of 133.36 feet;

THENCE North  $28^{\circ}28'52''$  East, a distance of 58.33 feet;

THENCE North  $56^{\circ}48'12''$  East, a distance of 75.29 feet;

THENCE North  $05^{\circ}21'03''$  West, a distance of 95.04 feet;

THENCE North  $82^{\circ}54'38''$  East, a distance of 28.07 feet;

THENCE North  $03^{\circ}18'01''$  West, a distance of 95.01 feet;

THENCE North  $85^{\circ}51'20''$  East, a distance of 40.01 feet;

THENCE North  $00^{\circ}43'57''$  East, a distance of 95.35 feet;

THENCE North  $85^{\circ}51'20''$  East, a distance of 8.16 feet;

THENCE North  $03^{\circ}54'42''$  East, a distance of 95.95 feet;

THENCE North  $85^{\circ}51'20''$  East, a distance of 14.28 feet;

THENCE North  $07^{\circ}32'32''$  East, a distance of 97.01 feet;

THENCE South  $85^{\circ}51'20''$  West, a distance of 114.85 feet;

THENCE North  $38^{\circ}54'29''$  East, a distance of 140.00 feet;

THENCE North  $47^{\circ}05'23''$  West, a distance of 95.23 feet, to the northwesterly line of said DC Ranch Parcel 4.4;

THENCE leaving said easterly line, along said northwesterly line, South  $38^{\circ}54'29''$  West, a distance of 140.00 feet;

PARCEL DESCRIPTION  
DC Ranch  
Proposed Golf Course Parcel

EXHIBIT "D"

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THENCE South 43°11'35" West, a distance of 157.96 feet;  
THENCE South 41°13'39" West, a distance of 110.85 feet;  
THENCE South 20°37'24" West, a distance of 56.88 feet;  
THENCE North 89°08'08" West, a distance of 23.46 feet;  
THENCE South 01°06'11" East, a distance of 95.06 feet;  
THENCE North 89°08'08" West, a distance of 22.82 feet;  
THENCE South 77°43'14" West, a distance of 147.80 feet;  
THENCE South 44°15'23" West, a distance of 95.00 feet;  
THENCE South 44°47'08" West, a distance of 95.00 feet;  
THENCE North 45°43'46" West, a distance of 12.06 feet;  
THENCE South 44°20'25" West, a distance of 95.00 feet;  
THENCE South 71°12'33" West, a distance of 89.44 feet;  
THENCE North 63°02'46" West, a distance of 95.00 feet;  
THENCE North 61°42'38" West, a distance of 48.02 feet;  
THENCE North 46°27'42" West, a distance of 97.96 feet;  
THENCE North 53°09'34" West, a distance of 93.54 feet;  
THENCE South 42°10'58" West, a distance of 140.00 feet;  
THENCE North 42°32'18" West, a distance of 43.09 feet;  
THENCE South 47°37'09" West, a distance of 123.11 feet;  
THENCE South 22°57'09" West, a distance of 121.24 feet;  
THENCE North 67°02'51" West, a distance of 7.28 feet;  
THENCE South 22°57'09" West, a distance of 191.04 feet, to the beginning of a non-tangent curve;  
THENCE westerly along said curve, having a radius of 190.00 feet, concave southerly, whose radius bears South 19°53'38" West, through a central angle of 44°08'11", a distance of 146.36 feet, to the northeast corner of Tract "B" of said DC Ranch Parcel 4.1 and to a point of intersection with a non-tangent line;  
THENCE leaving said northwesterly line, along the easterly line of said DC Ranch Parcel 4.1, North 90°00'00" West, a distance of 116.32 feet;  
THENCE South 20°00'00" West, a distance of 104.86 feet;  
THENCE North 90°00'00" West, a distance of 80.00 feet;  
THENCE North 73°42'18" West, a distance of 106.38 feet, to the beginning of a curve;  
THENCE westerly along said curve, having a radius of 460.00 feet, concave northerly through a central angle of 05°20'31", a distance of 42.89 feet, to a point of intersection with a non-tangent curve;  
THENCE northwesterly along said curve, having a radius of 198.83 feet, concave easterly, whose radius bears North 51°12'47" East, through a central angle of 73°07'25", a distance of 253.76 feet, to the curve's end;  
THENCE North 34°20'12" East, a distance of 547.24 feet;  
THENCE North 46°18'01" East, a distance of 830.52 feet, to the beginning of a curve;



THENCE northeasterly along said curve, having a radius of 97.08 feet, concave southerly through a central angle of  $106^{\circ}44'36''$ , a distance of 180.86 feet, to a point of intersection with a non-tangent curve;

THENCE northeasterly along said curve, having a radius of 208.26 feet, concave southwesterly, whose radius bears South  $42^{\circ}07'14''$  East, through a central angle of  $142^{\circ}41'05''$ , a distance of 518.62 feet, to a point of intersection with a non-tangent line;

THENCE South  $41^{\circ}27'55''$  East, a distance of 29.77 feet;

THENCE North  $54^{\circ}35'49''$  East, a distance of 630.45 feet, to the beginning of a curve;

THENCE northeasterly along said curve, having a radius of 139.38 feet, concave southerly through a central angle of  $88^{\circ}34'44''$ , a distance of 215.47 feet, to a point of intersection with a non-tangent curve;

THENCE northeasterly along said curve, having a radius of 198.10 feet, concave southwesterly, whose radius bears South  $31^{\circ}23'29''$  East, through a central angle of  $149^{\circ}52'21''$ , a distance of 518.19 feet, to a point of intersection with a non-tangent line;

THENCE South  $39^{\circ}17'28''$  East, a distance of 93.75 feet, to the POINT OF BEGINNING.

TOGETHER WITH:

A parcel of land lying within Sections 19 and 20, Township 4 North, Range 5 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at westernmost corner of DC Ranch Parcel 4.7 as recorded in Book 435, page 35, M.C.R., said point also being on the easterly line of Tract "A" of the Map of Dedication for DC Ranch Phase One as recorded in Book 430, page 04, M.C.R., said point being the POINT OF BEGINNING of the herein described parcel;

THENCE along the westerly line of said DC Ranch Parcel 4.7, South  $49^{\circ}37'51''$  East, a distance of 100.59 feet, to the southernmost corner of said DC Ranch Parcel 4.7 and to the beginning of a non-tangent curve;

THENCE leaving said westerly line, along the southerly line of said DC Ranch Parcel 4.7, northeasterly along said curve, having a radius of 198.00 feet, concave southeasterly, whose radius bears South  $42^{\circ}03'08''$  East, through a central angle of  $04^{\circ}36'30''$ , a distance of 15.93 feet, to the curve's end;

THENCE North  $52^{\circ}33'22''$  East, a distance of 620.27 feet;

THENCE North  $42^{\circ}54'06''$  East, a distance of 78.20 feet;

THENCE North  $65^{\circ}13'46''$  East, a distance of 156.46 feet, to the southeast corner of Lot 485 of said DC Ranch Parcel 4.7, said point also being the southwest corner of Lot 486 of DC Ranch Parcel 4.1 as recorded in Book 430, page 05, M.C.R.;

THENCE leaving the southerly line of said DC Ranch Parcel 4.7, along the southerly line of said DC Ranch Parcel 4.1, North  $57^{\circ}03'07''$  East, a distance of 406.64 feet;  
THENCE North  $34^{\circ}36'39''$  East, a distance of 57.64 feet;  
THENCE North  $10^{\circ}12'02''$  East, a distance of 36.79 feet, to the beginning of a non-tangent curve;  
THENCE easterly along said curve, having a radius of 89.00 feet, concave southerly, whose radius bears South  $09^{\circ}16'46''$  East, through a central angle of  $48^{\circ}53'07''$ , a distance of 75.94 feet, to the curve's end;  
THENCE South  $50^{\circ}23'39''$  East, a distance of 44.73 feet, to the beginning of a curve;  
THENCE southeasterly along said curve, having a radius of 87.00 feet, concave northerly through a central angle of  $103^{\circ}34'52''$ , a distance of 157.28 feet, to a point of reverse curvature;  
THENCE northeasterly along said curve, having a radius of 200.00 feet, concave southerly through a central angle of  $107^{\circ}47'59''$ , a distance of 376.29 feet, to the southeast corner of Lot 494 of said DC Ranch Parcel 4.1, said point also being on the westerly line of DC Ranch Parcel 4.8 as recorded in Book 454, page 43, M.C.R. and to a point of intersection with a non-tangent line;  
THENCE leaving said southerly line, along said westerly line, South  $34^{\circ}28'38''$  West, a distance of 40.00 feet;  
THENCE South  $06^{\circ}20'44''$  West, a distance of 55.00 feet;  
THENCE South  $11^{\circ}04'18''$  East, a distance of 71.19 feet;  
THENCE South  $13^{\circ}31'44''$  West, a distance of 101.95 feet;  
THENCE South  $29^{\circ}01'36''$  West, a distance of 209.46 feet, to the southerly line of said DC Ranch Parcel 4.8;  
THENCE leaving said westerly line, along said southerly line, North  $70^{\circ}40'22''$  East, a distance of 120.91 feet;  
THENCE South  $79^{\circ}27'06''$  East, a distance of 405.88 feet;  
THENCE North  $28^{\circ}59'36''$  East, a distance of 134.76 feet, to the westerly line of Tract "A" of said Map of Dedication for DC Ranch Phase One and to the beginning of a non-tangent curve;  
THENCE leaving said southerly line, along said westerly line, southeasterly along said curve, having a radius of 482.00 feet, concave northeasterly, whose radius bears North  $42^{\circ}17'26''$  East, through a central angle of  $01^{\circ}11'38''$ , a distance of 10.04 feet, to a point of compound curvature;  
THENCE southeasterly along said curve, having a radius of 211.50 feet, concave northeasterly through a central angle of  $13^{\circ}03'47''$ , a distance of 48.22 feet, to the curve's end;  
THENCE South  $61^{\circ}57'59''$  East, a distance of 61.14 feet, to the beginning of a curve;  
THENCE southeasterly along said curve, having a radius of 475.00 feet, concave northeasterly through a central angle of  $04^{\circ}35'34''$ , a distance of 38.07 feet, to the curve's end;  
THENCE South  $66^{\circ}33'33''$  East, a distance of 172.18 feet, to the northernmost

corner of DC Ranch Parcel 4.14 as recorded in Book 464, page 17, M.C.R.;

THENCE leaving the westerly line of said Tract "A", along the westerly line of said DC Ranch Parcel 4.14, South  $04^{\circ}54'59''$  West, a distance of 175.53 feet;

THENCE South  $00^{\circ}22'55''$  West, a distance of 61.62 feet;

THENCE South  $04^{\circ}33'15''$  West, a distance of 41.68 feet;

THENCE South  $09^{\circ}42'00''$  West, a distance of 188.26 feet;

THENCE South  $24^{\circ}17'06''$  West, a distance of 77.77 feet;

THENCE South  $06^{\circ}05'02''$  West, a distance of 120.66 feet;

THENCE South  $22^{\circ}32'24''$  West, a distance of 213.75 feet;

THENCE South  $25^{\circ}47'11''$  West, a distance of 211.21 feet;

THENCE South  $27^{\circ}14'18''$  West, a distance of 88.90 feet;

THENCE South  $08^{\circ}37'40''$  East, a distance of 94.36 feet;

THENCE South  $03^{\circ}48'03''$  East, a distance of 187.64 feet;

THENCE South  $03^{\circ}24'50''$  West, a distance of 81.26 feet;

THENCE South  $14^{\circ}30'57''$  West, a distance of 91.84 feet;

THENCE South  $24^{\circ}51'33''$  West, a distance of 144.75 feet;

THENCE South  $29^{\circ}50'44''$  East, a distance of 98.80 feet;

THENCE South  $12^{\circ}16'12''$  West, a distance of 119.61 feet;

THENCE South  $21^{\circ}02'49''$  West, a distance of 97.19 feet;

THENCE South  $14^{\circ}16'35''$  West, a distance of 128.01 feet;

THENCE South  $06^{\circ}09'50''$  West, a distance of 113.76 feet;

THENCE South  $13^{\circ}11'27''$  West, a distance of 153.51 feet;

THENCE South  $20^{\circ}36'33''$  West, a distance of 100.44 feet, to the beginning of a non-tangent curve;

THENCE southerly along said curve, having a radius of 85.49 feet, concave northeasterly, whose radius bears North  $87^{\circ}23'04''$  East, through a central angle of  $111^{\circ}33'32''$ , a distance of 166.45 feet, to the southerly line of said DC Ranch Parcel 4.14 and to the curve's end;

THENCE leaving said westerly line, along said southerly line, North  $65^{\circ}49'32''$  East, a distance of 54.27 feet;

THENCE North  $61^{\circ}17'07''$  East, a distance of 167.97 feet;

THENCE North  $65^{\circ}27'28''$  East, a distance of 109.48 feet;

THENCE North  $68^{\circ}14'24''$  East, a distance of 172.29 feet;

THENCE North  $64^{\circ}46'00''$  East, a distance of 70.49 feet;

THENCE North  $42^{\circ}19'22''$  East, a distance of 139.13 feet;

THENCE North  $57^{\circ}13'15''$  East, a distance of 29.90 feet;

THENCE North  $59^{\circ}12'09''$  East, a distance of 116.51 feet;

THENCE North  $63^{\circ}33'14''$  East, a distance of 130.57 feet;

THENCE North  $61^{\circ}56'45''$  East, a distance of 236.92 feet;

THENCE North  $64^{\circ}06'11''$  East, a distance of 377.64 feet, to the westerly line of Tract "A" of said Map of Dedication for DC Ranch Phase One and to the beginning of a non-tangent curve;



THENCE leaving said southerly line, along said westerly line, southeasterly along said curve, having a radius of 361.50 feet, concave northeasterly, whose radius bears North  $58^{\circ}17'53''$  East, through a central angle of  $02^{\circ}06'35''$ , a distance of 13.31 feet, to the curve's end;

THENCE South  $33^{\circ}48'41''$  East, a distance of 123.53 feet, to the beginning of a curve;

THENCE southeasterly along said curve, having a radius of 518.00 feet, concave southwesterly through a central angle of  $00^{\circ}18'58''$ , a distance of 2.86 feet, to the northernmost corner of DC Ranch Parcel 4.13 as recorded in Book 482, page 40, M.C.R. and to a point of intersection with a non-tangent line;

THENCE leaving said westerly line, along the northwesterly line of said DC Ranch Parcel 4.13, South  $54^{\circ}22'34''$  West, a distance of 518.53 feet;

THENCE South  $47^{\circ}20'31''$  West, a distance of 184.84 feet;

THENCE South  $06^{\circ}59'08''$  West, a distance of 77.13 feet;

THENCE South  $42^{\circ}20'09''$  West, a distance of 94.60 feet;

THENCE South  $75^{\circ}33'54''$  West, a distance of 276.82 feet;

THENCE South  $51^{\circ}08'25''$  West, a distance of 269.44 feet;

THENCE South  $50^{\circ}09'46''$  West, a distance of 426.11 feet, to the northerly right-of-way line of Thompson Peak Parkway of said Map of Dedication for DC Ranch Phase One and to the beginning of a non-tangent curve;

THENCE leaving said northwesterly line, along said northerly right-of-way line, westerly along said curve, having a radius of 2668.00 feet, concave northerly, whose radius bears North  $13^{\circ}50'24''$  East, through a central angle of  $08^{\circ}32'47''$ , a distance of 397.96 feet, to a point of compound curvature;

THENCE westerly along said curve, having a radius of 290.00 feet, concave northeasterly through a central angle of  $12^{\circ}50'15''$ , a distance of 64.98 feet, to a point of reverse curvature;

THENCE northwesterly along said curve, having a radius of 310.00 feet, concave southwesterly through a central angle of  $10^{\circ}15'41''$ , a distance of 55.52 feet, to a point of reverse curvature;

THENCE northwesterly along said curve, having a radius of 2656.00 feet, concave northeasterly through a central angle of  $01^{\circ}31'52''$ , a distance of 70.97 feet, to a point of reverse curvature;

THENCE northwesterly along said curve, having a radius of 2744.00 feet, concave southwesterly through a central angle of  $01^{\circ}57'25''$ , a distance of 93.72 feet, to a point of reverse curvature;

THENCE northwesterly along said curve, having a radius of 25.00 feet, concave easterly through a central angle of  $88^{\circ}59'47''$ , a distance of 38.83 feet, to a point of intersection with a non-tangent line;

THENCE North  $66^{\circ}28'02''$  West, a distance of 47.00 feet;

THENCE South  $23^{\circ}31'58''$  West, a distance of 12.00 feet, to the beginning of a curve;

THENCE southwesterly along said curve, having a radius of 25.00 feet, concave northerly through a central angle of  $88^{\circ}59'31''$ , a distance of 38.83 feet, to a point of reverse curvature;

THENCE northwesterly along said curve, having a radius of 2732.00 feet, concave southerly through a central angle of  $02^{\circ}58'10''$ , a distance of 141.59 feet, to the southernmost corner of Tapadero at DC Ranch as recorded in Book 450, page 03, M.C.R. and to a point of intersection with a non-tangent line;

THENCE leaving said northerly right-of-way line, along the easterly line of said Tapadero at DC Ranch, North  $13^{\circ}03'07''$  East, a distance of 194.21 feet;

THENCE South  $74^{\circ}09'43''$  East, a distance of 150.00 feet;

THENCE South  $75^{\circ}49'36''$  East, a distance of 97.25 feet;

THENCE South  $72^{\circ}00'12''$  East, a distance of 75.00 feet;

THENCE North  $74^{\circ}18'30''$  East, a distance of 148.09 feet;

THENCE North  $06^{\circ}07'24''$  West, a distance of 414.55 feet, to the northerly line of said Tapadero at DC Ranch;

THENCE leaving said easterly line, along said northerly line, North  $64^{\circ}32'26''$  West, a distance of 142.92 feet, to the beginning of a non-tangent curve;

THENCE southwesterly along said curve, having a radius of 195.00 feet, concave northerly, whose radius bears North  $27^{\circ}32'18''$  West, through a central angle of  $29^{\circ}25'20''$ , a distance of 100.14 feet, to a point of intersection with a non-tangent line;

THENCE South  $40^{\circ}57'05''$  West, a distance of 6.52 feet;

THENCE North  $88^{\circ}47'31''$  West, a distance of 596.34 feet;

THENCE North  $76^{\circ}31'38''$  West, a distance of 449.07 feet;

THENCE North  $40^{\circ}46'36''$  West, a distance of 23.67 feet;

THENCE South  $67^{\circ}43'19''$  West, a distance of 23.67 feet;

THENCE North  $76^{\circ}32'32''$  West, a distance of 192.29 feet, to the beginning of a non-tangent curve;

THENCE westerly along said curve, having a radius of 175.50 feet, concave southerly, whose radius bears South  $14^{\circ}22'57''$  West, through a central angle of  $29^{\circ}29'42''$ , a distance of 90.35 feet, to a point of intersection with a non-tangent line;

THENCE South  $74^{\circ}53'05''$  West, a distance of 33.35 feet, to the easterly line of Tract "A" of said Map of Dedication for DC Ranch Phase One;

THENCE leaving said northerly line, along said easterly line, South  $74^{\circ}53'05''$  West, a distance of 9.94 feet, to the beginning of a curve;

THENCE westerly along said curve, having a radius of 13.50 feet, concave northeasterly through a central angle of  $85^{\circ}48'48''$ , a distance of 20.22 feet, to a point of reverse curvature;

THENCE northerly along said curve, having a radius of 544.00 feet, concave southwesterly through a central angle of  $11^{\circ}31'02''$ , a distance of 109.35 feet, to the southernmost corner of the Map of Dedication for Trails End Drive as recorded in Book 435, page 34, M.C.R. and to a point of intersection with a non-tangent curve;

THENCE leaving said easterly line, along the southerly line of said Map of

Dedication for Trails End Drive, northerly along said curve, having a radius of 104.01 feet, concave southeasterly, whose radius bears North  $70^{\circ}45'49''$  East, through a central angle of  $107^{\circ}44'56''$ , a distance of 195.60 feet, to the curve's end;  
THENCE North  $88^{\circ}30'45''$  East, a distance of 807.10 feet;  
THENCE South  $87^{\circ}22'20''$  East, a distance of 220.95 feet, to the southeast corner of said Map of Dedication for Trails End Drive;  
THENCE leaving said southerly line, along the easterly line of said Map of Dedication for Trails End Drive, North  $22^{\circ}16'18''$  West, a distance of 166.77 feet to the northeast corner of said Map of Dedication for Trails End Drive and to the beginning of a non-tangent curve;  
THENCE leaving said easterly line, along the northerly line of said Map of Dedication for Trails End Drive, westerly along said curve, having a radius of 858.81 feet, concave southeasterly, whose radius bears South  $22^{\circ}16'18''$  East, through a central angle of  $10^{\circ}36'28''$ , a distance of 159.00 feet, to a point of reverse curvature;  
THENCE southwesterly along said curve, having a radius of 130.00 feet, concave northerly through a central angle of  $40^{\circ}25'00''$ , a distance of 91.70 feet, to the curve's end;  
THENCE North  $82^{\circ}27'46''$  West, a distance of 155.35 feet, to the southeast corner of Tract "H" of DC Ranch Parcel 4.6 Replat as recorded in Book 469, page 24, M.C.R.;  
THENCE leaving said northerly line, along the easterly line of said DC Ranch Parcel 4.6 Replat, North  $25^{\circ}30'46''$  East, a distance of 52.95 feet;  
THENCE South  $78^{\circ}24'43''$  East, a distance of 109.78 feet;  
THENCE North  $23^{\circ}55'50''$  East, a distance of 83.51 feet;  
THENCE North  $07^{\circ}26'03''$  East, a distance of 67.15 feet;  
THENCE North  $20^{\circ}26'19''$  West, a distance of 129.76 feet;  
THENCE North  $68^{\circ}23'04''$  East, a distance of 225.03 feet;  
THENCE North  $73^{\circ}52'41''$  East, a distance of 146.25 feet;  
THENCE North  $00^{\circ}39'05''$  West, a distance of 114.14 feet;  
THENCE North  $73^{\circ}52'41''$  East, a distance of 19.30 feet;  
THENCE North  $01^{\circ}01'24''$  West, a distance of 113.93 feet;  
THENCE North  $73^{\circ}52'41''$  East, a distance of 12.85 feet;  
THENCE North  $04^{\circ}33'49''$  West, a distance of 112.28 feet;  
THENCE North  $73^{\circ}52'41''$  East, a distance of 9.46 feet;  
THENCE North  $06^{\circ}33'34''$  West, a distance of 111.55 feet;  
THENCE North  $73^{\circ}52'41''$  East, a distance of 21.32 feet;  
THENCE North  $00^{\circ}16'56''$  East, a distance of 114.23 feet;  
THENCE North  $03^{\circ}18'11''$  East, a distance of 406.14 feet;  
THENCE North  $02^{\circ}04'52''$  East, a distance of 187.02 feet;  
THENCE North  $10^{\circ}32'50''$  East, a distance of 228.62 feet, to the northerly line of said DC Ranch Parcel 4.6 Replat and to the beginning of a curve;  
THENCE leaving said easterly line, along said northerly line, northerly along said curve, having a radius of 39.00 feet, concave southwesterly through a central angle of



153°15'42", a distance of 104.32 feet, to the curve's end;  
THENCE South 37°17'09" West, a distance of 327.70 feet;  
THENCE South 51°16'21" West, a distance of 64.49 feet;  
THENCE South 46°55'32" West, a distance of 171.49 feet;  
THENCE South 32°15'04" West, a distance of 116.67 feet;  
THENCE North 61°07'06" West, a distance of 34.98 feet;  
THENCE South 28°52'54" West, a distance of 175.69 feet;  
THENCE South 52°24'48" West, a distance of 268.60 feet;  
THENCE South 57°56'50" West, a distance of 72.50 feet;  
THENCE South 53°16'39" West, a distance of 158.89 feet;  
THENCE South 82°50'41" West, a distance of 81.44 feet;  
THENCE North 65°51'25" West, a distance of 110.23 feet;  
THENCE North 35°36'35" West, a distance of 122.93 feet;  
THENCE North 00°56'41" East, a distance of 57.64 feet;  
THENCE North 85°16'58" West, a distance of 91.24 feet;  
THENCE North 61°31'08" West, a distance of 33.26 feet, to the easterly line of Tract  
"A" of said Map of Dedication for DC Ranch Phase One;  
THENCE leaving said northerly line, along said easterly line, North 28°28'52" East,  
a distance of 212.70 feet, to the POINT OF BEGINNING.

TOGETHER WITH:

A parcel of land lying within Section 20, Township 4 North, Range 5 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the southernmost corner of Tract "B" of DC Ranch Parcel 4.16 as recorded in Book 444, page 33, M.C.R., said point also being on the easterly line of Tract "A" of the Map of Dedication for DC Ranch Phase One as recorded in Book 430, page 04, M.C.R., said point being the POINT OF BEGINNING of the herein described parcel;

THENCE along the southerly line of said DC Ranch Parcel 4.16, North 62°17'31" East, a distance of 21.60 feet, to the beginning of a non-tangent curve;  
THENCE northwesterly along said curve, having a radius of 100.00 feet, concave easterly, whose radius bears North 62°17'31" East, through a central angle of 50°25'18", a distance of 88.00 feet, to a point of intersection with a non-tangent line;  
THENCE North 62°21'11" East, a distance of 126.35 feet;  
THENCE South 82°20'08" East, a distance of 765.56 feet;  
THENCE South 85°17'49" East, a distance of 717.14 feet, to the easternmost corner of said DC Ranch Parcel 4.16 and to the beginning of a non-tangent curve;  
THENCE leaving said southerly line, along the easterly line of said DC Ranch Parcel 4.16, northwesterly along said curve, having a radius of 1000.00 feet, concave

northeasterly, whose radius bears North 64°33'50" East, through a central angle of 02°03'49", a distance of 36.02 feet, to the west line of the drainage right-of-way conveyed to the City of Scottsdale as shown in Exhibit "A" per Document 98-0260446, M.C.R. and to a point of intersection with a non-tangent line;  
THENCE leaving said easterly line, along said west line, South 32°15'13" East, a distance of 55.23 feet;  
THENCE South 42°53'46" East, a distance of 155.99 feet;  
THENCE South 49°22'22" East, a distance of 205.66 feet;  
THENCE South 70°49'00" East, a distance of 196.02 feet;  
THENCE South 63°15'15" East, a distance of 69.19 feet;  
THENCE South 54°51'46" East, a distance of 191.42 feet;  
THENCE South 45°18'47" East, a distance of 163.93 feet;  
THENCE South 29°17'23" East, a distance of 62.35 feet;  
THENCE South 08°55'35" West, a distance of 282.46 feet;  
THENCE South 68°48'00" West, a distance of 11.73 feet;  
THENCE leaving said west line, North 28°07'28" West, a distance of 122.10 feet, to the beginning of a curve;  
THENCE northwesterly along said curve, having a radius of 300.00 feet, concave southwesterly through a central angle of 36°13'34", a distance of 189.68 feet, to the curve's end;  
THENCE North 64°21'02" West, a distance of 26.17 feet;  
THENCE South 18°49'14" West, a distance of 239.37 feet;  
THENCE South 33°27'43" West, a distance of 209.47 feet;  
THENCE South 11°09'30" West, a distance of 80.77 feet;  
THENCE South 38°23'29" West, a distance of 103.36 feet;  
THENCE South 63°37'58" West, a distance of 24.77 feet;  
THENCE South 19°34'40" West, a distance of 519.41 feet;  
THENCE South 16°42'42" East, a distance of 26.10 feet;  
THENCE South 36°09'11" East, a distance of 60.63 feet;  
THENCE South 28°45'46" East, a distance of 93.69 feet;  
THENCE South 25°01'18" East, a distance of 109.25 feet;  
THENCE South 21°25'41" East, a distance of 72.65 feet;  
THENCE South 19°59'42" East, a distance of 128.66 feet;  
THENCE South 54°00'15" West, a distance of 111.54 feet, to the beginning of a curve;  
THENCE southwesterly along said curve, having a radius of 200.00 feet, concave northerly through a central angle of 63°24'36", a distance of 221.34 feet, to the curve's end;  
THENCE North 62°35'09" West, a distance of 72.71 feet, to the easterly line of Tract "A" of said Map of Dedication for DC Ranch Phase One;  
THENCE along said easterly line, North 33°48'41" West, a distance of 183.24 feet, to the beginning of a curve;

THENCE northwesterly along said curve, having a radius of 361.50 feet, concave southwesterly through a central angle of  $10^{\circ}27'14''$ , a distance of 65.96 feet, to a point of reverse curvature;

THENCE northwesterly along said curve, having a radius of 338.50 feet, concave northeasterly through a central angle of  $06^{\circ}17'18''$ , a distance of 37.15 feet, to a point of reverse curvature;

THENCE northwesterly along said curve, having a radius of 1410.00 feet, concave southwesterly through a central angle of  $02^{\circ}42'24''$ , a distance of 66.61 feet, to a point of reverse curvature;

THENCE northwesterly along said curve, having a radius of 650.00 feet, concave northeasterly through a central angle of  $21^{\circ}27'46''$ , a distance of 243.49 feet, to the curve's end;

THENCE North  $19^{\circ}13'16''$  West, a distance of 111.41 feet, to the beginning of a curve;

THENCE northerly along said curve, having a radius of 1527.70 feet, concave westerly through a central angle of  $01^{\circ}30'00''$ , a distance of 39.99 feet, to the southernmost corner of Tract "E" of DC Ranch Parcel 4.15 as recorded in Book 453, page 39, M.C.R. and to a point of intersection with a non-tangent line;

THENCE leaving said easterly line, along the southeasterly line of said DC Ranch Parcel 4.15, North  $69^{\circ}16'44''$  East, a distance of 60.29 feet;

THENCE South  $41^{\circ}05'07''$  East, a distance of 25.00 feet;

THENCE North  $72^{\circ}06'09''$  East, a distance of 117.14 feet;

THENCE North  $35^{\circ}39'56''$  East, a distance of 412.63 feet;

THENCE North  $22^{\circ}55'40''$  East, a distance of 260.26 feet;

THENCE North  $44^{\circ}03'49''$  East, a distance of 190.86 feet;

THENCE North  $09^{\circ}51'08''$  East, a distance of 20.82 feet;

THENCE North  $38^{\circ}17'44''$  East, a distance of 226.94 feet;

THENCE South  $89^{\circ}42'24''$  East, a distance of 43.01 feet;

THENCE North  $43^{\circ}55'53''$  East, a distance of 99.47 feet;

THENCE North  $00^{\circ}27'29''$  West, a distance of 91.81 feet, to the northerly line of said DC Ranch Parcel 4.15;

THENCE leaving said southeasterly line, along said northerly line, North  $51^{\circ}28'09''$  West, a distance of 289.25 feet;

THENCE South  $19^{\circ}50'13''$  West, a distance of 156.93 feet;

THENCE South  $72^{\circ}28'03''$  West, a distance of 109.45 feet;

THENCE North  $85^{\circ}00'46''$  West, a distance of 115.61 feet;

THENCE North  $55^{\circ}27'03''$  West, a distance of 151.39 feet;

THENCE North  $83^{\circ}45'29''$  West, a distance of 70.01 feet;

THENCE North  $79^{\circ}12'56''$  West, a distance of 128.92 feet;

THENCE North  $34^{\circ}18'25''$  West, a distance of 165.79 feet;

THENCE South  $89^{\circ}48'02''$  West, a distance of 209.59 feet;

THENCE North  $69^{\circ}00'51''$  West, a distance of 221.87 feet;



THENCE North  $65^{\circ}20'47''$  West, a distance of 110.23 feet;  
THENCE North  $58^{\circ}58'20''$  West, a distance of 97.49 feet;  
THENCE North  $69^{\circ}00'30''$  West, a distance of 270.14 feet;  
THENCE South  $29^{\circ}24'55''$  West, a distance of 123.20 feet, to the easterly line of Tract "A" of said Map of Dedication for DC Ranch Phase One and to the beginning of a non-tangent curve;  
THENCE leaving said northerly line, along said easterly line, northwesterly along said curve, having a radius of 188.50 feet, concave northeasterly, whose radius bears North  $31^{\circ}14'15''$  East, through a central angle of  $09^{\circ}51'33''$ , a distance of 32.44 feet, to the curve's end;  
THENCE North  $48^{\circ}54'12''$  West, a distance of 57.11 feet, to the beginning of a curve;  
THENCE northwesterly along said curve, having a radius of 418.00 feet, concave northeasterly through a central angle of  $21^{\circ}11'43''$ , a distance of 154.63 feet, to the curve's end and the POINT OF BEGINNING.

TOGETHER WITH:

A parcel of land lying within Section 20, Township 4 North, Range 5 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the north quarter corner of said Section 20;  
THENCE along the north line of said Section 20, North  $89^{\circ}56'46''$  East, a distance of 768.39 feet;  
THENCE leaving said north line, South  $05^{\circ}50'26''$  East, a distance of 17.14 feet, to the POINT OF BEGINNING;  
THENCE North  $89^{\circ}26'37''$  East, a distance of 298.93 feet, to the beginning of a non-tangent curve;  
THENCE easterly along said curve, having a radius of 236.61 feet, concave southwesterly, whose radius bears South  $00^{\circ}34'24''$  East, through a central angle of  $91^{\circ}13'15''$ , a distance of 376.71 feet, to a point of intersection with a non-tangent curve;  
THENCE easterly along said curve, having a radius of 137.92 feet, concave southwesterly, whose radius bears South  $13^{\circ}06'15''$  East, through a central angle of  $153^{\circ}08'39''$ , a distance of 368.63 feet, to the curve's end;  
THENCE South  $50^{\circ}02'25''$  West, a distance of 224.59 feet;  
THENCE South  $61^{\circ}10'55''$  West, a distance of 563.46 feet;  
THENCE South  $52^{\circ}20'38''$  West, a distance of 530.97 feet, to the beginning of a curve;  
THENCE southwesterly along said curve, having a radius of 100.00 feet, concave northwesterly through a central angle of  $11^{\circ}53'40''$ , a distance of 20.76 feet, to the

PARCEL DESCRIPTION  
DC Ranch  
Proposed Golf Course Parcel

EXHIBIT "D"

June 25, 1999  
WP #96399  
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east line of the drainage right-of-way conveyed to the City of Scottsdale as shown in Exhibit "A" per Document 98-0260446, M.C.R. and to a point of intersection with a non-tangent line;

THENCE along said east line, North  $63^{\circ}48'10''$  West, a distance of 101.66 feet;

THENCE North  $27^{\circ}42'06''$  West, a distance of 481.93 feet;

THENCE North  $88^{\circ}50'08''$  West, a distance of 61.50 feet;

THENCE leaving said east line, North  $25^{\circ}56'22''$  East, a distance of 476.41 feet;

THENCE North  $58^{\circ}44'17''$  East, a distance of 265.00 feet;

THENCE North  $82^{\circ}53'56''$  East, a distance of 364.13 feet, to the beginning of a non-tangent curve;

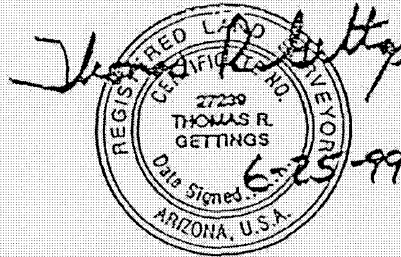
THENCE northerly along said curve, having a radius of 222.91 feet, concave southeasterly, whose radius bears South  $78^{\circ}37'42''$  East, through a central angle of  $22^{\circ}20'54''$ , a distance of 86.95 feet, to a point of intersection with a non-tangent line;

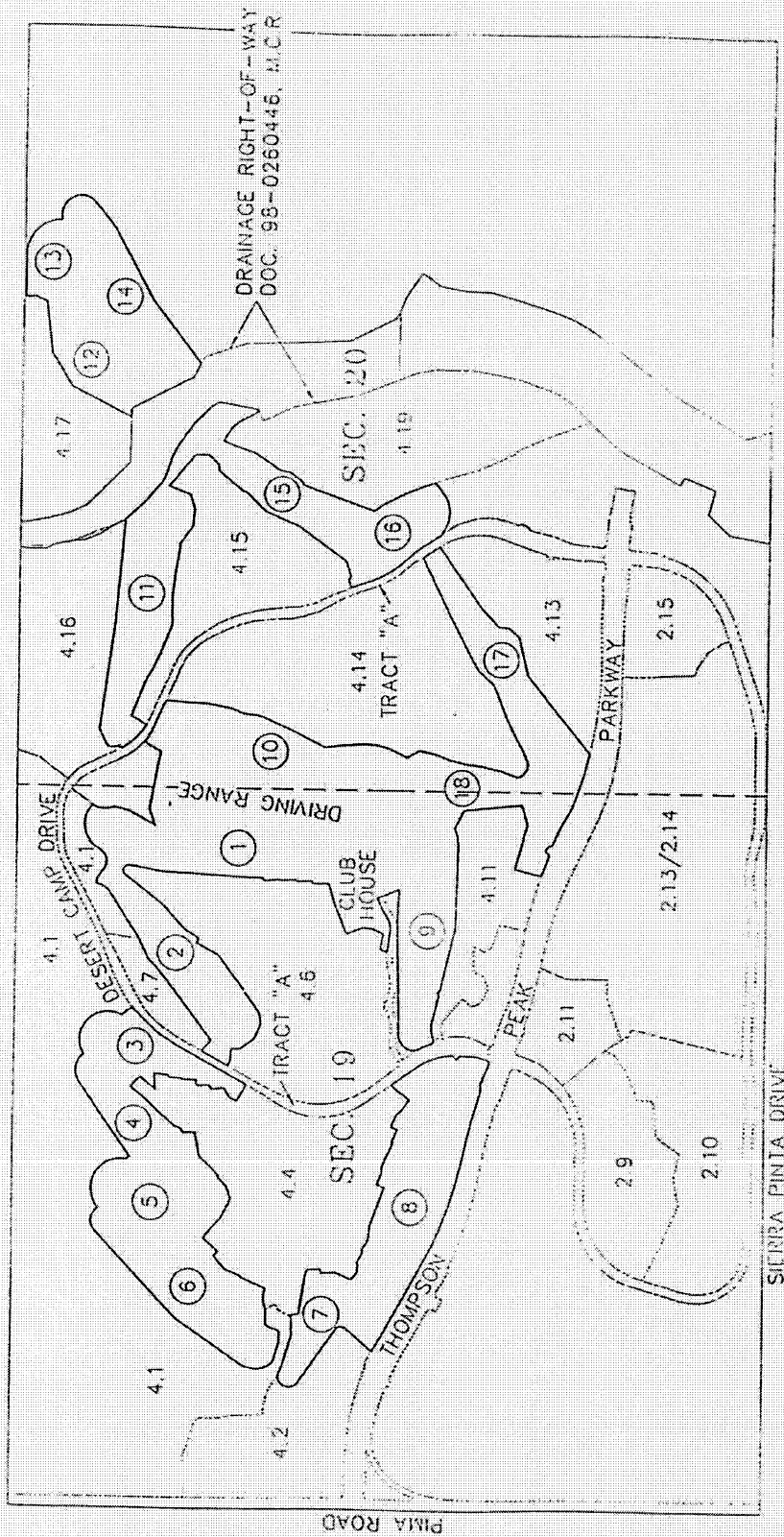
THENCE North  $05^{\circ}50'26''$  West, a distance of 64.29 feet, to the POINT OF BEGINNING.

Containing 216.5572 acres, or 9,433,234 square feet of land, more or less.

Subject to existing rights-of-way and easements.

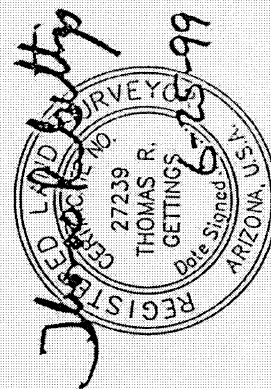
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# EXHIBIT "D"

DC RANCH  
PROPOSED GOLF COURSE PARCEL  
08-25-99  
WP # 96399  
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NOT TO SCALE  
I:\1999\990201\LEGAL\GOLF



WOOD/PATEL  
1550 East Missouri  
Phoenix, AZ 85014  
Phone: (602) 234-1344  
Fax: (602) 234-1322



LAWYERS TITLE OF ARIZONA, INC.

OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
20091152130 12/16/2009 02:58  
20091216-3-1-1--  
ELECTRONIC RECORDING

COURTESY RECORDING  
NO TITLE LIABILITY

When recorded, return to:

Gordon E. Hunt, Esq.  
Biskind Hunt, PLC  
11201 N. Tatum Boulevard  
Suite 330  
Phoenix, AZ 85028

Reference:  
Instrument No. 96-0868790 and  
Instrument No. 99-0673268

*2009/2/16. -RLC*

**SECOND AMENDMENT TO  
DC RANCH COMMUNITY COUNCIL  
AMENDED AND RESTATED DECLARATION  
OF COVENANTS AND EASEMENTS**

THIS Second Amendment to DC Ranch Community Council Amended and Restated Declaration of Covenants and Easements ("**Amendment**") is made by DC Ranch, L.L.C., an Arizona limited liability company ("**Declarant**") on the date set forth on the signature page below.

**RECITALS**

WHEREAS, DC Ranch Community Council Declaration of Covenants and Easements was recorded on December 13, 1996 in the official records of Maricopa County, Arizona, Recorder as Instrument No. 96-0868790, which was replaced and superseded in its entirety by that DC Ranch Community Council Amended and Restated Declaration of Covenants and Easements recorded on July 16, 1999 in the official records of Maricopa County, Arizona, Recorder as Instrument No. 99-0673268 (collectively, the "**Declaration**"); and

WHEREAS, Declarant desires to amend the Declaration; and

WHEREAS, pursuant to Section 15.6(a) of the Declaration, the Declaration may be amended unilaterally by Declarant for so long as Declarant owns any portion of the real property described in Exhibits "A" or "B" to the Declaration if such amendment does not materially and adversely affect title to any individually owned property; and

WHEREAS, Declarant owns a portion of the real property described in Exhibits "A" and "B" to the Declaration; and

WHEREAS, this Amendment does not materially and adversely affect title to any individually owned property;

NOW, THEREFORE, the Declaration is amended as set forth below. Capitalized terms not defined herein shall have the meaning set forth in the Declaration.

1.

Section 5.5 is stricken in its entirety and the following substituted therefor:

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 homogeneous quality of the DC Ranch community.

The Community Council, acting as a board of directors as contemplated under Arizona law, shall consist of seven persons comprised of a chairperson and six others. One of the seven 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 to appoint and remove members of The Covenant Commission in accordance with The Covenant at DC Ranch recorded in the official records of the Maricopa County Recorder as Instrument No. 97-0298843 (as may be amended, "**The Covenant**"). 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 appoint one or more committees to further the mission of the organization. The committees shall perform such tasks as the Community Council deems appropriate, except that the Community Council shall not delegate policy-making authority or ultimate responsibility for any of the Community Council's duties. As such, committee programs, policies and procedures will be overseen by the Board of Directors. Any committee created shall be comprised of at least three members, who shall serve for such periods as the Community Council may designate by resolution. The committee's actions shall be governed and tested by the standard of care set forth in Section 5.6 below.

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 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.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment this 9th day of December, ~~2008~~ 2009.

**DC RANCH L.L.C.**, an Arizona limited liability company

By: DMB Property Ventures Limited Partnership, a Delaware limited partnership, administrative member

By: DMB GP, Inc., an Arizona corporation, general partner

By: [Signature]  
Name: Andrew Beams  
Its: VP

STATE OF ARIZONA

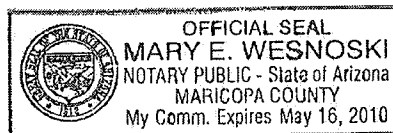
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 9th day of December, 2009 by Andrew Beams, of DMB GP, Inc., an Arizona corporation, for and on behalf of the corporation as the general partner of DMB Property Ventures Limited Partnership, a Delaware limited partnership, for and on behalf of the limited partnership as the administrative member of DC Ranch L.L.C., an Arizona limited liability company, for and on behalf of the limited liability company.

(SEAL)

Mary E. Wesnoski  
Notary Public

My commission expires: 5-16-2010



4832/CA Docs/A&R Docs/Community Council/Declaration-First Amend to A&R Comm  
Council Dec-080508-jlb