

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 ²
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).