

AMENDED AND RESTATED BYLAWS

OF

DC RANCH COMMUNITY COUNCIL

Article I

NAME, PRINCIPAL OFFICE, AND DEFINITIONS

1.1 Name. The corporation's name shall be DC Ranch Community Council, Inc. ("Corporation").

1.2 Principal Office. The Corporation's principal office shall be located in Scottsdale, Arizona, or at such other place in Maricopa County, Arizona, as the Board may from time to time fix by majority vote.

1.3 Definitions. The words used in these Bylaws shall generally be given their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall have the same meaning as set forth in the DC Ranch Community Council Declaration of Covenants and Easements ("Declaration") as Recorded unless the context indicates otherwise.

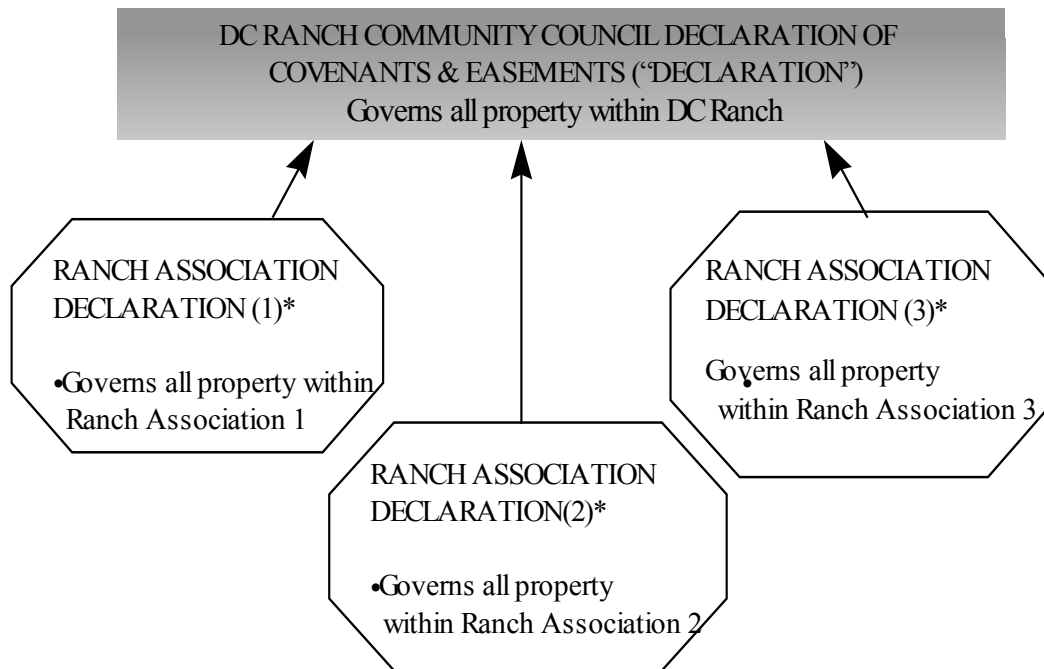
1.4 Diagrammatic Summaries. Throughout this document, there are diagrammatic summaries to aid the reader's comprehension and use of the Community Council Governing Documents. In the event of a conflict between any diagrammatic summary and the text of any of the Community Council Governing Documents,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

Article II

PURPOSE AND FUNCTION OF CORPORATION

2.1 DC Ranch. DC Ranch L.L.C. ("Declarant"), has established a general plan of development for the mixed-use planned community known as DC Ranch ("DC Ranch" or the "DC Ranch Community"). In furtherance of such general plan of development, Declarant has Recorded the Declaration, through which a reasonable arrangement for the maintenance and operation of property and facilities and for the provision of community services benefiting the DC Ranch Community is established and an equitable allocation of the costs thereof is set forth.

The general plan of development for DC Ranch contemplates various types of development, including, but not limited to, commercial, residential, and resort. Regardless of the type of development, all property within the DC Ranch Community shall be subject to the Declaration. In addition, particular portions of the community may be subject to their own independent community governance structures and specific Recorded covenants, conditions, or restrictions affecting the property (generally, "Ranch Association Declarations").



*The number of Ranch Associations shown here is for illustrative purposes only. The actual number of Ranch Associations within DC Ranch may be more than, less than, or equal to three.

2.2 Purpose and Function of the Corporation. The Corporation shall be the entity responsible for management, maintenance, operation and control over such property and matters as are of interest to the DC Ranch Community in accordance with the Declaration. In addition, the Corporation shall have the authority to engage in other activities which will actively foster and promote the common good and general welfare of the DC Ranch Community, its property owners, and the surrounding community.

The Corporation also shall have the authority to manage, maintain, operate, and control property and matters which are of interest to some but not all property owners within the DC Ranch Community, as may be described in any Ranch Association Declaration(s) or the Declaration. Such matters may include, but not be limited to nor required to include, the administration and enforcement of Ranch Association Declarations, to the extent that such Community Council Governing Documents provide that the Corporation may enforce all or a portion of the provisions included therein, and the Declaration; collecting assessments from owners subject to such Ranch Association Declarations on behalf of the Ranch Association(s) (in addition to such assessments as shall be required pursuant to the Declaration); levying and collecting assessments pursuant to the Declaration; and entering into agreements with one or more Ranch Associations and/or third parties for the benefit of the DC Ranch Community.

The Corporation shall be a nonprofit corporation, without members, created pursuant to Arizona law and organized as a civic league under Section 501(c)(4) of the Internal Revenue Code. The purpose of the Corporation is to provide an entity through which the DC Ranch

Community may work together as a planned and unified region which offers housing and commercial opportunities, recreation, diversity and quality of life, while protecting and preserving open space, water quality, places of historical significance, and the general physical character of the area.

The Corporation shall perform its functions in accordance with these Bylaws, the Articles of Incorporation of the Corporation, and Arizona law.

Article III
ADMINISTRATION OF THE CORPORATION

3.1 Management. The Corporation shall have no members. The affairs of the Corporation shall be managed by its Board of Directors ("Board"), in accordance with these Bylaws and the Declaration.

3.2 Meetings. As it deems necessary or appropriate, the Corporation may hold meetings for all DC Ranch occupants, residents, and owners. The Board shall set the time, place, and agenda for such meetings and shall post notice of the meetings in prominent places throughout DC Ranch.

3.3 Special Meetings. The Board shall call a special meeting of the Corporation as directed by resolution of a majority of a quorum of the Board, or upon a petition signed by representatives of at least two Ranch Associations and at least 50% of the commercial owners for the purpose of assessments in accordance with Article VIII of the Declaration or for the purpose of amending the Declaration in accordance with Section 14.6 of the Declaration. The notice of any special meeting shall be given as provided in Section 4.7 of these Bylaws. No business shall be transacted at a special meeting except as stated in the notice.

Article IV
BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition, Term and Appointment.

4.1 Governing Body. The Corporation shall be governed by the Board. Each Director shall have one equal vote and shall be a natural person of at least 18 years of age.

4.2 Number of Directors. The Board shall consist of five Directors. The initial Board shall consist of the five individuals named in the Articles of Incorporation.

For so long as Declarant has the right, in accordance with provisions of The Covenant at DC Ranch ("The Covenant"), to appoint members of The Covenant Commission, Declarant, in its sole discretion, shall appoint one member of The Covenant Commission to serve as one of the five Directors (the "Commissioner/Council Director").

4.3 Term of Office. The term of office of the initial members of the Board shall be as follows: two Directors shall serve three-year terms, two shall serve four-year terms, and one shall serve a five-year term. All such terms shall expire at the Corporation's annual meeting held during the final year of the term. (Of the initial Board, two members' terms shall expire at the Corporation's third annual meeting, two at the Corporation's fourth annual meeting, and one at the fifth.) The following table depicts the expiration of each initial Director's term:

Director	Year				
	1	2	3	4	5
#1					
#2					
#3					
#4					
#5					

At the expiration of the initial term of office of each member of the Board, and thereafter at the expiration of the term of any Director, a successor shall be appointed by the Board at the Corporation's annual meeting to serve for a term of five years; provided, however, for so long as Declarant has the right, in accordance with provisions of The Covenant, to appoint members of The Covenant Commission, Declarant shall appoint the successor to the Commissioner/Council Director. Any appointment of a successor by the Board shall be made upon a majority vote of the Board. In the event of a tie in the voting, the President shall cast the deciding vote. Directors may not serve consecutive terms, although former Directors may be re-appointed after an absence from the Board of at least one year.

4.4 Removal of Directors and Vacancies. Any Director may be removed, with or without cause, by a vote of a majority of the other Directors or by Declarant in its sole and absolute discretion, for so long as Declarant continues to own any property within DC Ranch; provided, however, Declarant, in its discretion, shall have the sole authority to remove a Commissioner/Council Director appointed by Declarant. Any Director whose removal is sought shall be given written notice prior to any action being taken to remove him. Upon removal of a Director, a successor shall be appointed in the manner provided in Section 4.3 to fill the vacancy for the remainder of such Director's term.

B. Meetings.

4.5 Organizational Meeting. The first Board meeting shall be held within 90 days following the date of issuance of a certificate of incorporation at such time and place as the Board shall fix.

4.6 Regular Meetings. Regular Board meetings may be held at such time and place as a majority of the Directors shall determine, but at least four such meetings shall be held

during each fiscal year, with at least one per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

4.7 Special Meetings. Special Board meetings shall be held when called by written notice signed by the President or Vice-President of the Corporation or by any two Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) facsimile, computer, fiber optics, or any such other electronic communication device.

All such notices shall be given at the Director's telephone, fax, or e-mail number, or sent to the Director's address as shown on the records of the Corporation. Notices sent by first class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile, or other device shall be delivered, telephoned, or transmitted at least 72 hours before the time set for the meeting.

4.8 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

4.9 Quorum of Board. At all Board meetings, a majority of the Directors shall constitute a quorum for the transaction of business. The vote of a majority of the Directors present at a meeting at which there is a quorum shall constitute the decision of the Board except as otherwise specifically provided in these Bylaws. Board members present at a meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of one or more Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the Directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

4.10 Compensation. Unless otherwise approved by Board resolution, no Director shall receive any compensation from the Corporation for serving as a Director. A Director may be reimbursed for expenses incurred on behalf of the Corporation upon approval of a majority of the other Directors. Nothing herein shall prohibit the Corporation from compensating a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the

Corporation in a capacity other than as a Director pursuant to a contract or agreement with the Corporation; provided that such Director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of Directors other than the interested Director.

4.11 Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

4.12 Closed Meetings. Subject to the provisions of Section 4.14, all meetings of the Board shall be open to all officers and Directors or their authorized representatives. Except in the case of meetings as provided for in Article III, meetings of the Board shall be closed to any Person other than the Directors; provided, however, if the subject of one or more such meetings is of particular interest to other Persons, the Board may, but shall not be obligated to, open such meetings to such Persons, including, without limitation, the members of one or more Ranch Associations; other owners, residents, or tenants of DC Ranch; or representatives of various governmental entities. The Board may issue such an invitation in any manner that it deems appropriate; provided, however, prior to issuing such an invitation, the Board shall memorialize its decision to issue the invitation by enacting an administrative resolution. The administrative resolution shall specify the Person or Persons whose attendance is invited, the meeting or meetings for which such invitation is applicable, the subject matter of such meeting or meetings, and the terms upon which attendance is invited, all of which shall be determined in the sole discretion of the Board.

In the event that the Board permits attendance at a Board meeting by Persons other than officers and Directors, an attendee other than an officer or Director may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a Director. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, excluding persons other than Directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

The Board is authorized, but shall not be obligated, to use any available technology to televise, or provide for the televising of, one or more Board meetings. The Board shall memorialize, in an administrative resolution, any such decision regarding televising. The administrative resolution, if any, shall specify the meetings to which the decision applies, the terms of such decision, and any limitations upon such decision, all of which shall be determined in the Board's sole discretion.

4.13 Telephonic Participation. One or more Directors may participate in and vote during any regular or special meeting of the Board by telephone conference call, fiber optics, or similar audio or video communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Those Directors so participating shall be deemed to be present at such meeting. Any such meeting at which a quorum participates shall constitute a Board meeting.

4.14 Action without a Formal Meeting. Any action that may be taken at a Board meeting may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the Directors. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

The following diagrams summarize the Board's powers and duties. Those powers and duties are fully set forth in Sections 4.15 and 4.16, respectively.

<p style="text-align: center;"><u>Summary of Board's Powers</u></p> <ul style="list-style-type: none">• Community Education Programs• Security• Contracts Benefiting Community• Personnel for the Corporation• Repairs, Additions & Improvement to Area of Common Responsibility• Dispute Resolution involving the Community• Liaison with City of Scottsdale• Action on behalf of the Community to further goals
--

<p style="text-align: center;"><u>Summary of Board Duties</u></p> <ul style="list-style-type: none">• Prepare & Adopt Budgets for the Corporation• Levy and Collect Assessments for the Corporation• Operate, Care for, Maintain Area of Common Responsibility• Establish Method of Collecting Assessments• Open Bank Accounts• Deposit Funds in Appropriate Depositories• Enforce the Obligations of the Ranch Associations• Obtain & Carry Property & Liability Insurance on the Area of Common Responsibility• Pay for Services Provided to the Corporation• Keep Accounting and Operating Records
--

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; or

(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.

4.15 Powers. The Board shall have all the powers necessary for the administration of the Corporation's affairs, for furthering the general purposes of the Corporation, and for performing all responsibilities and exercising all rights of the Corporation as appropriate for the common good and general welfare of the DC Ranch Community as set forth in the Declaration, the Articles, and these Bylaws and as provided by Arizona law. The powers of the Board shall include, without limitation:

(a) engaging in activities designed to promote the DC Ranch Community, including, but not limited to, the sponsorship or organization of community education programs, volunteer organizations, or other such activities;

(b) performing or providing for security or monitoring services designed to make the DC Ranch Community safer than it otherwise might be; provided, neither Declarant nor the Corporation shall hold themselves out to be the insurer or guarantor of security;

(c) entering into contracts and other agreements for the benefit of the DC Ranch Community;

(d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Corporation and, where appropriate, providing for the

compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) making or contracting for the making of repairs, additions, and improvements to or alterations of the Area of Common Responsibility;

(f) facilitating the resolution of disputes involving the Community arising out of interpretation, violations, or enforcement of the standards established under the Declaration, compliance with the Community-Wide Standard, or other matters the Board determines to be in the general interest of the DC Ranch Community;

(g) serving as a liaison with the City of Scottsdale on appropriate and relevant matters, as provided in Article IX;

(h) opening meetings of the Board to Persons other than Directors, as described in Section 4.12;

(i) authorizing the televising of, providing for the televising of, or televising meetings of the Board, as provided in Section 4.12;

(j) taking such action as deemed necessary or appropriate to further the goals of the Community and the mission of the Board as set out in the Declaration; and

(k) enforcing the obligations of the Ranch Association(s) and owners in accordance with the governing documents of such Ranch Association(s), which shall include each Ranch Association declaration and the bylaws and articles of incorporation of each Ranch Association (the "Ranch Association Governing Documents"), to the extent that such Ranch Association Governing Documents provide that the Board may enforce all or a portion of the provisions included therein; provided, the Board shall not be obligated to take any action, including the commencement of any legal proceedings, (i) to enforce any covenant, restriction, or rule which the Board reasonably determines is, or is likely to be, inconsistent with applicable law; (ii) in any case in which the Board reasonably determines that the Corporation's position is not strong enough to take such enforcement action; or (iii) if the Board otherwise determines, in its business judgment, that such enforcement action would be inappropriate. The failure to take such enforcement action shall not constitute a waiver of the right to enforce any provision of the Ranch Association Governing Documents at a later time or under the circumstances, nor shall it operate to estop the Board from enforcing any provision of the Ranch Association Governing Documents.

4.16 Duties. The Board's duties shall include, without limitation:

(a) preparing and adopting annual budgets for the Common Expenses and establishing each individually owned property's share of such expenses;

(b) levying and collecting assessments against each individually owned property for its share of the Common Expenses in accordance with the Declaration;

(c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility in accordance with the Community-Wide Standard;

(d) establishing the means and methods of collecting assessments;

(e) opening bank accounts on behalf of the Corporation and designating the authorized signatories;

(f) depositing all funds received on behalf of the Corporation in depositories which it shall approve, and using such funds to operate the Corporation; provided, any reserve fund may be deposited, in the Board's business judgment, in depositories other than banks;

(g) enforcing the obligations of the Ranch Associations and owners in accordance with the Ranch Association Governing Documents, and bringing any proceedings which may be instituted on behalf of or against the Ranch Association, owners, or others concerning the DC Ranch Community; provided, the Corporation shall not be obligated to take any action, including the commencement of any legal proceedings, (i) to enforce any covenant, restriction, or rule which the Board reasonably determines is, or is likely to be, inconsistent with applicable law; (ii) in any case in which the Board reasonably determines that the Corporation's position is not strong enough to take such enforcement action; or (iii) if the Board otherwise determines, in its business judgment, that such enforcement action would be inappropriate. Failure to take such enforcement action shall not constitute a waiver of the right to enforce any provision of the Ranch Association Governing Documents at a later time or under the circumstances, nor shall it operate to estop the Board from enforcing any provision of the Ranch Association Governing Documents;

(h) obtaining and maintaining property and liability insurance on the Area of Common Responsibility as provided herein; obtaining fidelity bonds on all persons responsible for handling funds on behalf of the Corporation; paying the cost of such insurance and bonds; and filing and adjusting claims, as appropriate;

(i) paying the cost of all services provided to or on behalf of the Corporation;

(j) keeping detailed books of account and operating records in accordance with section 4.20;

(k) permitting utility suppliers and others to use portions of the Area of Common Responsibility as reasonably necessary to the ongoing development or operation of DC Ranch; and

(l) cooperating with the Ranch Association(s) to collect assessments on behalf of the Ranch Association(s).

4.17 Corporation Insurance. The Corporation shall obtain and maintain in effect the following types of insurance, if reasonably available and affordable and to the extent the Board deems reasonably necessary:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the property owned by the Corporation. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Corporation shall have policy limits sufficient to cover the full replacement cost of the insured improvements;

(b) Commercial general liability insurance on the property owned or maintained by the Corporation, insuring the Corporation for damage or injury caused by the negligence of the Corporation or any of its employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, however, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Corporation shall obtain such additional coverage or limits;

(c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Fidelity insurance covering all persons responsible for handling Corporation funds in an amount determined in the Board's business judgment but not less than an amount equal to one-sixth of the annual Base Assessments on all individually owned property plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(f) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable, which may include, without limitation, flood insurance, boiler and machinery insurance, and building ordinance coverage.

4.18 Power of Declarant To Disapprove Actions. For so long as Declarant or any affiliate of Declarant owns any property, within the DC Ranch Community, directly or indirectly, in whole or in part, Declarant shall have a right to disapprove any action, policy or program of the Corporation which, in Declarant's sole judgment, would tend to impair Declarant's rights or to interfere with development, construction, marketing, or sale of any portion of the DC Ranch Community, or diminish the level of services being provided by the Corporation.

No such action, policy or program shall become effective or be implemented until and unless:

(a) Declarant is given written notice of the proposed action and any meeting at which it is to be considered. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Corporation's Secretary and shall comply with the notice requirements of these Bylaws. Except in the case of the regular meetings held pursuant to the Bylaws, such notice shall set forth in reasonable particularity the agenda to be followed at the meeting.

(b) Declarant shall have given the opportunity at any such meeting to participate in or to have its representatives or agents participate in discussion of any proposed action, policy, or program which would be subject to the right of disapproval set forth herein.

Declarant, its representatives or agents shall make its concerns and suggestions known to the Board. Acting through any officer, director, agent or authorized representative, Declarant may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, within 10 days following receipt of written notice of the proposed action. This right to disapprove shall not include a right to require any action or counteraction on Corporation's behalf, except to the extent necessary to reverse the disapproved action.

4.19 Management. The Board may employ a professional management agent or agents for the Corporation at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate to the management agent, subject to the Board's supervision, such powers as are necessary to perform the management agent's assigned duties but shall not delegate policymaking authority or those duties set forth in subsections (a), (b), (e), or (g) of Section 4.16. Declarant, or its affiliate, may be employed as a management agent.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of any management agent which might arise between Board meetings.

4.20 Accounts and Reports. The following management standards of performance shall be followed unless the Board specifically determines otherwise:

(a) Accrual accounting, as defined by generally accepted accounting principles, shall be employed.

(b) Accounting and controls should conform to generally accepted accounting principles.

(c) Cash accounts of the Corporation shall not be commingled with any other accounts.

(d) No remuneration shall be accepted by the management agent from vendors, independent contractors, or others providing goods or services to the Corporation, whether in the

form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Corporation.

(e) Any financial or other interest which the management agent may have in any firm providing goods or services to the Corporation shall be disclosed promptly to the Board.

(f) Commencing at the end of the month following the establishment of the initial budget for the Corporation, financial reports shall be prepared at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all those who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent. (Any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution.)

(g) An annual report consisting of at least the following shall be made available to all Ranch Associations and to owners of commercial properties upon request, within 180 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such report shall be prepared on an audited or reviewed basis, as the Board determines, by an independent public accountant.

4.21 Borrowing. To the fullest extent allowed by Arizona law, the Board shall have the power to borrow money, contract debts, and issue evidences of indebtedness for any purpose. The Board shall have the power to secure such debts, which shall include, without limitation, the power to pledge collateral, including property and future assessment income.

4.22 Right To Contract. The Corporation shall have the right to contract with any person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreement with non-profit entities that are exempt from federal income tax under the Internal Revenue Code (including, but not limited to, Sections 501(c)(3) or 501(c)(4)), any trust, condominium, cooperative, any Ranch Association, or other owners or residents association within or outside the DC Ranch Community.

4.23 Enforcement. The Corporation shall have the power to enforce the provisions of these Bylaws, the Declaration, and any Ranch Association Governing Documents to the extent that such Ranch Association Governing Documents provide that the Corporation may enforce all or a portion of the provisions included therein. In addition to such other rights as may be specifically granted under the Declaration and any Ranch Association Governing Documents, the Board shall have the power to impose reasonable monetary fines for violation of any duty imposed thereunder or under these Bylaws, which shall be assessed as a Specific Assessment against the property of the violating owner or Ranch Association. In the event that any occupant, guest, or business or social invitee of an owner violates such covenants or these Bylaws and a fine is imposed, the fine shall first be assessed against the occupant. However, if the fine is not paid by the occupant within the time period set by the Board, the owner shall pay the fine upon notice from the Corporation. The Board's failure to enforce any provision of the Declaration, the Ranch Association Declarations, or these Bylaws shall not be deemed a waiver of the Board's right to do so thereafter.

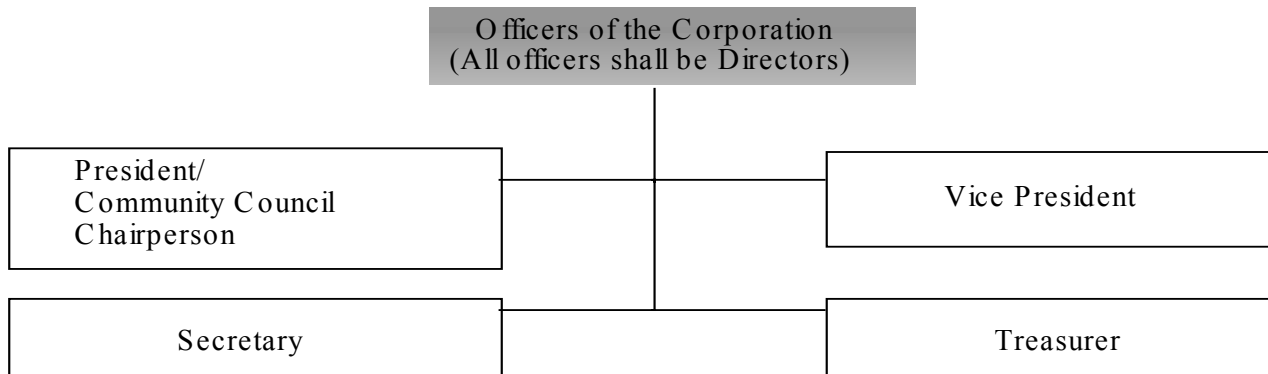
(a) Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a hearing is requested within 10 days of the notice. If a timely request is not made, the sanction stated in the notice shall be imposed; provided, the Board may suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted 10-day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to any sanction becoming effective, proof of proper notice shall be placed in the Board's minutes. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. In addition, the notice requirement shall be deemed satisfied if the alleged violator requests a hearing. The minutes of the hearing shall contain a written statement of the results of the hearing and any sanction imposed.

(c) Additional Enforcement Rights. The Board may elect to enforce any provision in any covenants or the Bylaws by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above, and entry upon property for the purpose of exercising this right shall not be deemed a trespass. 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 covenant or provision of these Bylaws, nor shall it operate to estop the Board from enforcing any covenant, or provision of these Bylaws. In any such action, to the maximum extent permissible, the person responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article V
OFFICERS

5.1 Officers. The Corporation's officers shall be a President, Vice President, Secretary, and Treasurer. The President shall also act as the Chairperson of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary. All officers shall be Directors. The following diagram depicts the relationship between the officers and the Directors:



5.2 Election and Term of Office. The Board shall elect the officers of the Corporation at such times as it deems appropriate. Officers may serve terms of such length as may be designated by the Board, not to exceed three years and not to exceed such officer's term as a Director.

5.3 Removal and Vacancies. Whenever in its judgment the best interests of the Corporation will be served, the Board may remove any officer, and may fill any vacancy in any office arising for any reason, including death, resignation, or removal, or otherwise for the unexpired portion of the term.

5.4 Powers and Duties. The Corporation's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may from time to time specifically confer or impose. The President shall be the Corporation's chief executive officer. The Treasurer shall have primary responsibility for preparing the Corporation's budget for expenses and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

5.5 Resignation. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the

receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.6 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Corporation shall be executed by at least one officer or by such other person or persons as may be designated by Board resolution.

5.7 Compensation. Compensation of officers shall be subject to the same limitations as compensation of Directors under Section 4.10.

Article VI **COMMITTEES**

6.1 Business Affairs Committee and Governance Committee. The Board's day-to-day activities shall be conducted through two committees each consisting of three Directors appointed by the chairperson as provided in the Declaration. One committee shall be primarily responsible for the business affairs of the Corporation (known as the "Business Affairs Committee") and, in its actions and deliberations, must act in accordance with the business judgment rule, which means acting in good faith to further the legitimate interests of the Corporation within the scope of the Community Council Governing Documents.

The other committee, which shall include the Commissioner/Council Director, shall be primarily responsible for the governance affairs of the Corporation (known as the "Governance Committee"). This Committee's action shall be governed and tested by the rule of reasonableness.

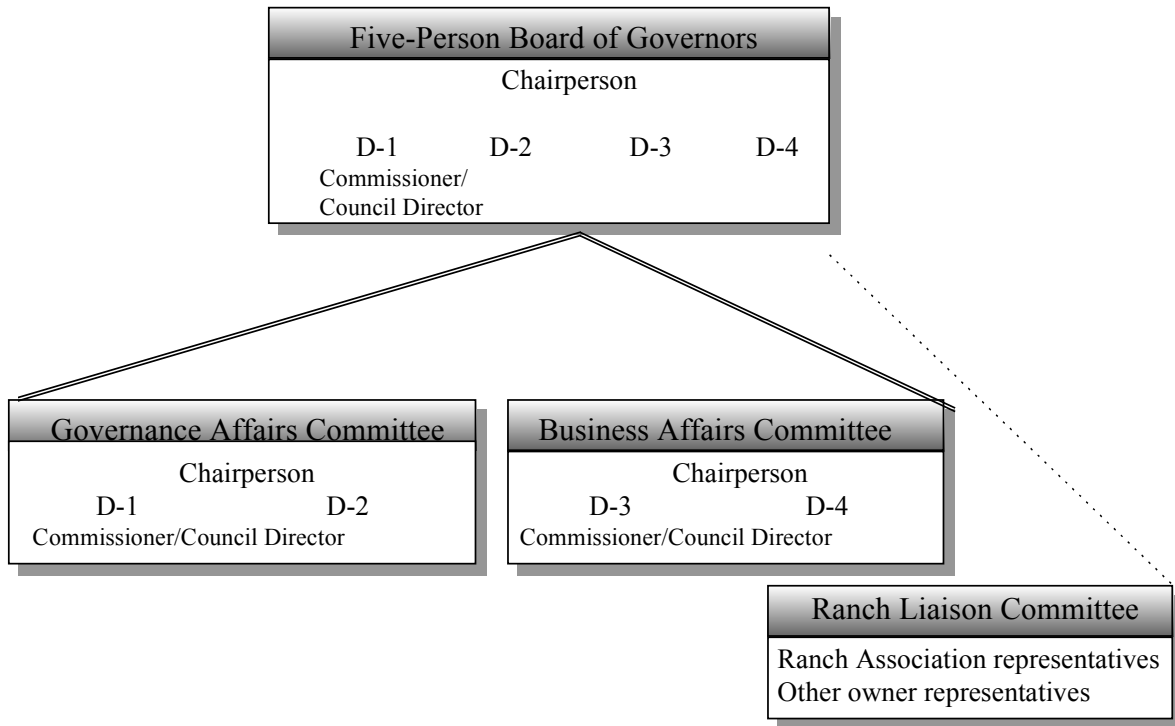
Each committee shall have and exercise such Board powers as delegated by Board resolution. Each committee shall promptly notify the entire Board of any actions proposed to be taken. Upon request of officers of at least two Ranch Associations, a majority of the commercial owners, or a 60% vote of the Directors, decisions of either committee may be appealed to the Board 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.

6.2 Ranch Liaison Committee. The Board shall appoint one or more members of each Ranch Association and one or more owners of property that is subject to the 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 Board shall meet with the RLC on a regular basis, in accordance with a schedule determined in the sole and absolute discretion of the Board. In any event, the Board shall meet with the RLC at least once annually.

The RLC shall exercise such powers and authority as the Board may grant to the committee from time to time but shall have no authority to bind the Board. The members of the RLC shall be appointed and may be removed and replaced by the Directors in their sole and

absolute discretion. The number and term of office of members of the RLC shall be determined in the sole and absolute discretion of the Board.

The following diagram depicts the relationship of the Board to its Business Affairs Committee, its Governance Affairs Committee, and the Ranch Liaison Committee:



6.3 General. The Board may appoint such other committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution. The Board shall assist, oversee, or give authority to committees created pursuant to any Ranch Association Declarations to the extent provided in such covenants.

No committee may take any of the following actions:

- (a) Amend, alter, or repeal the Bylaws;
- (b) Elect, appoint, or remove any member of any such committee or any Director or officer of the Corporation;

(c) Amend or repeal the Articles, adopt a plan of merger or a plan of consolidation with another corporation;

(d) Authorize the sale, lease or exchange of all of the property and assets of the Corporation;

(e) Authorize the voluntary dissolution of the Corporation or revoke proceedings therefor;

(f) Adopt a plan for distribution of the Corporation's assets; or

(g) Amend, alter, or repeal any Board resolution unless it provides by its terms that it may be amended, altered, or repealed by a committee.

Article VII **MISCELLANEOUS**

7.1 Fiscal Year. The Corporation's fiscal year shall be set by Board resolution. In the absence of a resolution, the fiscal year shall be the calendar year.

7.2 Parliamentary Rules. Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Corporation proceedings when not in conflict with Arizona law, the Articles of Incorporation, or these Bylaws.

7.3 Conflicts. If there are conflicts between the provisions of Arizona law, the Articles of Incorporation, and these Bylaws, the provisions of Arizona law, the Articles of Incorporation, and the Bylaws (in that order) shall prevail. In the event of a conflict between the Declaration and these Bylaws or the Articles, the Declaration shall control, to the extent not inconsistent with Arizona law. In the event of a conflict between any Ranch Association Governing Documents and the Community Council Governing Documents, the Community Council Governing Documents shall control, to the extent not inconsistent with Arizona law.

7.4 Books and Records.

(a) Inspection by Owners and Mortgagees. The Board shall make the following available for inspection and copying by any holder, insurer, or guarantor of a first mortgage on any individually owned property, the duly authorized representative of any of the foregoing, or any authorized representative of a Ranch Association, at any reasonable time and for a purpose reasonably related to his or her interest in such property: the Articles of Incorporation; Bylaws; rules of the Corporation, including any amendments to the foregoing; books of account; and the minutes of meetings of the Board and committees. The Corporation shall provide for such inspection to take place at the Corporation's office or at such other place within the community as the Board may designate.

(b) Rules for Inspection. The Board may establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Corporation. A Director's right of inspection includes, upon reasonable request, the right to make one copy of relevant documents at the expense of the Corporation.

7.5 Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or three days after deposited in the United States Mail, first class postage prepaid:

(a) if to an association or owner, at the address which the association or owner has designated in writing and filed with the Secretary or, if no such address has been designated, at either the address of the registered office of such association or owner or at the address of such owner's property;

(b) if to the Corporation, the Board, or the managing agent, at the principal office of the Corporation or the managing agent, if any, or at such other address as shall be designated by notice in writing to the association and owners pursuant to this Section; and

(c) if to a Committee, at the principal office of the Corporation or at such other address as shall be designated by notice in writing to the association and owners pursuant to this Section.

7.6 Amendment. The power to alter, amend, or repeal these Bylaws and to adopt new Bylaws shall be vested in the Board and shall be exercised in accordance with Arizona law.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Article VIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

To the fullest extent permitted by Arizona law, as amended from time to time, the Corporation shall indemnify and advance expenses to each person to whom indemnification and

advancement of expenses may be offered under such law. The foregoing indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

Article IX
RELATIONSHIP WITH GOVERNMENT

The Board may serve as a liaison with the City of Scottsdale regarding appropriate and relevant matters. The Board shall have the sole authority to determine whether such a liaison is appropriate and, if so, the extent, limitations upon, and purpose of the relationship.

In addition, the Board shall appoint one member of the Corporation's staff to communicate with the City of Scottsdale regarding maintenance issues within the purview of the Corporation. The Board also shall be authorized to appoint one member of the Corporation's staff to enter into ongoing or periodic dialogue regarding matters the Board deems appropriate, other than maintenance, with one or more staff members of the City of Scottsdale.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of DC Ranch Community Council, Inc., an Arizona corporation;

That the foregoing Bylaws constitute the original Bylaws of said Corporation, as duly adopted pursuant to the Consent in Lieu of Organizational Meeting of the Board of Directors of the Corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name this _____ day of _____, 19____.

Secretary

TABLE OF CONTENTS

ARTICLE	SECTION	PAGE
I.	NAME, PRINCIPAL OFFICE, AND DEFINITIONS	1
	1.1 Name	1
	1.2 Principal Office	1
	1.3 Definitions	1
	1.4 Diagrammatic Summaries	1
II.	PURPOSE AND FUNCTION OF CORPORATION	1
	2.1 DC Ranch	1
	2.2 Purpose and Function of the Corporation	2
III.	ADMINISTRATION OF THE CORPORATION	3
	3.1 Management	3
	3.2 Meetings	3
	3.3 Special Meetings	3
IV.	BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS	3
	A. Composition, Term and Appointment	3
	4.1 Governing Body	3
	4.2 Number of Directors	3
	4.3 Term of Office	4
	4.4 Removal of Directors and Vacancies	4
	B. Meetings	4
	4.5 Organizational Meeting	4
	4.6 Regular Meetings	4
	4.7 Special Meetings	5
	4.8 Waiver of Notice	5
	4.9 Quorum of Board	5
	4.10 Compensation	5
	4.11 Conduct of Meetings	6
	4.12 Closed Meetings	6
	4.13 Telephonic Participation	6
	4.14 Action without a Formal Meeting	6

ARTICLE	SECTION	PAGE
	C. Powers and Duties	7
	4.15 Powers.....	8
	4.16 Duties	9
	4.17 Corporation Insurance.....	10
	4.18 Power of Declarant To Disapprove Actions	11
	4.19 Management.....	12
	4.20 Accounts and Reports	12
	4.21 Borrowing.....	13
	4.22 Right To Contract	13
	4.23 Enforcement.....	13
V.	OFFICERS	14
	5.1 Officers	14
	5.2 Election and Term of Office	15
	5.3 Removal and Vacancies.....	15
	5.4 Powers and Duties	15
	5.5 Resignation	15
	5.6 Agreement, Contracts, Deeds, Leases, Checks, Etc.	15
	5.7 Compensation	16
VI.	COMMITTEES	16
	6.1 Business Affairs Committee and Governance Committee	16
	6.2 Ranch Liaison Committee.....	16
	6.3 General.....	17
VII.	MISCELLANEOUS	18
	7.1 Fiscal Year	18
	7.2 Parliamentary Rules.....	18
	7.3 Conflicts.....	18
	7.4 Books and Records	18
	7.5 Notices	19
	7.6 Amendment.....	19
VIII.	INDEMNIFICATION OF DIRECTORS AND OFFICERS	19
IX.	RELATIONSHIP WITH GOVERNMENT	19

EXHIBIT "D"

BYLAWS

OF

DC RANCH COMMUNITY COUNCIL