

EXHIBIT 1

When recorded mail to:
Transamerica Title Insurance Co.
P. O. Box 13028
Phoenix, Arizona 85002
Attn: ED - Tr. 3774

184620

PKT 7826 643

02-R M:SC,

**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS DECLARATION, made on the date hereinafter set forth by Transamerica Title Insurance Company of Arizona, an Arizona corporation, as Trustee, hereinafter referred to as "Declarant":

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of certain property in the County of Maricopa, State of Arizona, which is more particularly described as:

Lot Forty-one (41) through One Hundred Twenty (120), inclusive, in SUNSET FARMS EAST 100;

according to the plat thereof recorded in the Office of the County Recorder of Maricopa County, Arizona, in Book 125 of Maps, page 10 thereof; and

WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property, and all of which are hereby declared to be for the benefit of all of the property described herein and the owners thereof, their heirs, successors, grantees and assigns.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to SUNSET FARMS EAST NATURAL WATER AND AGRICULTURAL COMPANY, the same being an Arizona corporation, its successors and assigns.

Section 2. "Properties" or "premises" shall mean and refer to that certain irrigated real property heretofore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Lot", "unit" or "parcel" shall be synonymously used and refer to a separately designated and legally described fractional estate consisting of any part of land and the improvements thereon shown upon any recorded subdivision map of the properties.

Section 4. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of equitable title (or legal title if equitable title has merged) of any lot which is part of the properties.

Section 6. "Declarant" shall mean and refer to Transamerica Title Insurance Company of Arizona, Trustee, its successors and assigns if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

ARTICLE II

BUILDING TYPE AND LAND USE

Section 1. The lots subject to these restrictions as enumerated above shall be known, described and limited to single family residential lots.

Section 2. No building except one single family residence, a private garage or carport, and a structure to serve as a stable, livestock shelter, and/or tack room, shall be erected, maintained, placed or permitted on any residential lot or portion of said residential lots in SUNNYSIDE FARMS EAST TWO. Such stable, livestock shelter, and/or tack room shall be of a design harmonious with the other structure or structures upon said lot, and no use of used or inferior materials shall be permitted. Any quarters for servants or guests must be an integral part of said residence.

Section 3. No garage or any other building whatsoever shall be erected on any of said residential building lots until a dwelling house shall have been erected or until a contract with a reliable and responsible contractor shall have been entered into for the construction of a dwelling which shall comply with the restrictions herein permitted on any such premises. No garage or stable and/or tack room shall be used for residential purposes.

Section 4. No dwelling house having a ground floor area of less than eleven hundred (1,100) square feet, exclusive of open porches, pergolas, or attached garage, if any, shall be erected, permitted or maintained on any of said residential lots in SUNNYSIDE FARMS EAST TWO.

Section 5. No building shall be erected on any of said residential lots in SUNNYSIDE FARMS EAST TWO, the front walls of which are closer than thirty (30) feet from the front property line, except that a front porch, an attached garage or carport, may project into the front yard not more than five (5) feet, nor shall the side walls of any such building be nearer than ten (10) feet from the property line on each side of said lot; provided, further, that this restriction shall apply to the stable, livestock shelter, and/or tack room, which structure may not be located closer than twenty-five (25) feet from the main structure or residence, nor closer than twenty (20) feet to any side property line.

Section 6. No solid wall or fence over three (3) feet in height shall be maintained or erected nearer to the front street line of any of the said residential lots in SUNBURST FARMS EAST TWO than the front walls of the building erected on such lot; and in case of a lot on which no residence has been erected, no solid wall or solid fence over three (3) feet high shall be constructed or maintained closer than thirty (30) feet to the front line of such lot. No side or rear fence, and no side or rear wall, other than the wall of the building constructed on any of said lots shall be more than six (6) feet in height. No hedge more than three (3) feet in height shall be permitted closer than twenty (20) feet to the front property line in any of said lots in said subdivision. Where a corner lot has its rear lot line in common with the side lot line of the adjacent lot, such common lot line shall be used to measure the set back to be observed with regard to the permitted height of solid walls, fences or hedges under this paragraph.

Section 7. Subject to the applicable laws, ordinances, health codes and rules and regulations of the State of Arizona, and counties and municipalities thereof, horses, poultry and/or livestock may be kept or maintained on any of said lots, which horses, poultry and/or livestock shall be for the sole and exclusive use and enjoyment of the owners of said lot and their invited guests. The maintenance of such horses, poultry, and/or livestock and the physical facilities for the same shall be maintained by lot owner in a clean, neat, orderly fashion in accordance with the prevailing custom and usage, so that such facilities shall not become a nuisance to the remaining lot owners in said SUNBURST FARMS EAST TWO. Any such physical facilities for the maintenance of poultry, livestock, or horses must be maintained at a minimum distance of eighty (80) feet from the front property line of any of said lots. None of said lots or any portion thereof shall ever be used for commercial animal husbandry.

Section 8. Easements for installation and maintenance of utilities and drainage facilities providing irrigation water and ingress and egress are reserved as shown on the recorded plat: In addition, all eight (8) foot easements shown on the plat are hereby reserved for use as a bridle path. Within all these easements, no structure, planting or other materials shall be placed or permitted to remain which may interfere with the purpose for which these easements have been reserved.

Section 9. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

ARTICLE III

ASSOCIATION MEMBERSHIP

The record owner of equitable title (or legal title if equitable title has merged) of any parcel or parcels of real property located in any irrigated SUNBURST FARMS EAST development shall automatically become a member of the Association, and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. Ownership of a parcel shall be the sole qualification and criteria for membership. The association is not intended to include persons or entities who hold an interest solely as security for the purchase of an obligation.

A membership in the Association shall not be transferred, pledged or alienated in any way. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

The record owner of equitable title (or legal title if equitable title has merged) of each unit shall be entitled to one membership in the Association, for himself and his family residing in the unit, which membership, shall be subject to all of the provisions of the Association's Articles of Incorporation, By-Laws, Resolutions, and these Restrictions, as now in effect or duly adopted and amended.

The purpose of this Association is to supply irrigation water and agricultural tillage service to its members at the most economical rates and to help preserve the beauty and aesthetic value of the overall irrigated Sunburst Farms East subdivisions. Each member hereby agrees to maintain his property to such a standard so as to not depreciate the value of the overall project. Therefore, each member agrees to be bound by the Articles and By-Laws of the corporation and acknowledges that the Board of Directors may fix such rates for the delivery of irrigation water and such rates for the tillage of the subject lands as to properly maintain these services. Each member hereby acknowledges that in the event he fails or refuses to maintain his property to the standard set by the Board of Directors, thereby preventing or making difficult the transportation and delivery of irrigation water or if he fails or refuses to maintain his property to the standard set by the Board of Directors, thereby threatening the depreciation of the overall irrigated Sunburst Farms East project as determined in the sole discretion of the Board of Directors, then the Board of Directors of this Association shall have the absolute right to improve the member's property in such a way as to maintain the Association's standards. The cost of such improvements shall be charged at the regular rates against such member and shall be payable upon demand.

No member may exempt himself from liability or charges fixed by the Board of Directors for the delivery of irrigation water or for charges for the tillage of the project lands or for other charges in connection therewith which the Board of Directors may fix by his waiver of the use or enjoyment of irrigation or other service or services provided by the Association or by the member's abandonment of his unit.

Each member further agrees that the above-mentioned charges, if not paid within the time fixed for payment by the Board of Directors, shall be delinquent and shall become a lien upon said member's lot and shall continue to be such lien until fully paid. Said charges shall bear interest from the date of delinquency at the rate of five per cent (5%) per annum. The lien referred to in this Article III shall be subordinate to the lien of any first mortgage. The amount of principal and interest owed by each member to the Association shall be a debt, and shall be collectible by any lawful procedure allowed by the laws of the State of Arizona.

Each member, by his acceptance of a deed to a lot, or by his lease of a lot, hereby expressly vests in the Association or its agents, the right and power to bring all actions against

such member for the collection of such charges and to enforce the aforesaid lien by all methods available for the enforcement of such liens and such member hereby expressly grants to the Association the power of sale in connection with said lien.

In the event the Association employs an attorney or attorneys to enforce said lien or the collection of any amounts due pursuant to this article the member, members, and parties against whom the action is brought shall pay all attorneys' fees and costs thereby incurred by the Association in the event the Association prevails in any such action.

ARTICLE IV

MISCELLANEOUS

Section 1. Deeds of conveyance for said property, or any portion thereof, may contain the above covenants, conditions, stipulations and restrictions by reference to this document, but whether or not such reference is made in such deeds, each and all of these covenants, conditions, stipulations and restrictions shall be binding upon the respective grantees.

Section 2. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the major builder and developer of the "properties" to maintain during the period of construction and sale of said "premises", upon such portion of the premises as such builder may choose, such facilities as in the sole opinion of said builder may be reasonably required, convenient or incidental to the construction and sale of said premises, including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

Section 3. The foregoing restrictions and covenants run with the land and shall be binding upon all parties and all persons claiming under them until January 1, 1998, unless otherwise amended or revoked by vote of a majority of the then owners of lots in SUNBURST FARMS EAST TWO. As long as the developer owns a majority of the lots in this subdivision, these covenants, conditions and restrictions may not be amended without the approval of FHA and VA. Subsequent to January 1, 1998, these covenants and restrictions then in effect shall automatically be extended for successive periods of ten (10) years each, unless by vote of the majority of the then owners of lots in SUNBURST FARMS EAST TWO it is agreed to change the said covenants and restrictions in whole or in part.

Section 4. If there shall be a violation or threatened or attempted violation of any of said covenants, conditions, stipulations or restrictions, it shall be lawful for the Association or any person or persons owning real property situated in SUNBURST FARMS EAST TWO to prosecute proceedings at law or in equity against all persons violating or attempting to violate or threatening to violate any such restrictions, covenants, conditions or stipulations and such violators shall reimburse the Association or any person or persons owning real property situated in SUNBURST FARMS EAST TWO for attorneys' fees and expenses incurred in prosecution of such proceedings. However, a violation

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of these restrictive covenants, or any one or more of them, shall not affect the lien of any mortgage now on record, or which may hereafter be placed of record upon said lots or any part thereof.

Section 3. Invalidation of any one or more of these covenants, conditions, restrictions and stipulations shall in no wise affect any of the other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, Transamerica Title Insurance Company of Arizona, an Arizona corporation, as Trustee, has hereunto caused its corporate seal to be affixed and the name to be attested by the signature of its duly authorized officers, this 14th day of October, 1969.

TRANSAMERICA TITLE INSURANCE COMPANY OF ARIZONA, TRUSTEE
By [Signature]
TRUST OFFICER

STATE OF ARIZONA }
County of Maricopa } ss.

On this 14th day of October, 1969, before me, the undersigned Notary Public, personally appeared [Signature] who acknowledged himself to be a Trust Officer of TRANSAMERICA TITLE INSURANCE COMPANY OF ARIZONA, an Arizona corporation, and that he, as such officer, being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of said corporation by himself as such officer.

WITNESS my hand and official seal.

[Signature]
Notary Public

My Commission Expires:
[Signature]

STATE OF ARIZONA
County of Maricopa
I hereby certify that the within instrument was duly executed and acknowledged before me on this 14th day of October, 1969.
Notary Public

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