

BY-LAWS
OF
SUNBURST FARMS EAST

Sunburst Farms East was originally incorporated in Arizona in 1969 under the name, "Sunburst Farms East Mutual Water and Agricultural Company". Due to a failure to file the annual Corporation Report, the association incorporation expired. The original By-Laws, having expired along with the incorporation, became null and void, although Sunburst Farms East continued to operate as an association under the name "Sunburst Farms East Mutual Water & Agricultural Company" until April 23, 1991 when it was unanimously voted upon to shorten the name to "Sunburst Farms East."

Sunburst Farms East was reincorporated on April 21, 1995, resulting in a need for new By-Laws. The By-Laws adopted below follow the original ones and the only changes made were to outdated items.

ARTICLE I

MEMBERSHIP, QUALIFICATION AND MEETINGS

Section 1. Membership. Record owners of equitable title (or legal title, if equitable title has merged) of any parcel or parcels of real property located in any irrigated subdivision of the Sunburst Farms East Development shall automatically be members of the corporation. Such owners may be natural persons, corporations, partnerships or joint venturers. Membership in the corporation shall be mandatory if the owner takes advantage of the facilities offered by the corporation. Said membership shall terminate at such time said ownership interest ceases.

Section 2. Membership Dues. Membership dues are currently \$43.00 per month for each owner or owners of any acre parcel or parcels and \$35.00 per month for each owner or owners of any half acre parcel or parcels of real property located in any irrigated subdivision of the Sunburst Farms East Development. Said charges shall be made once a month, regardless of the number of sales of a particular parcel or parcels transacted during the calendar year. There shall be no refund of dues to any owner, regardless of the date his membership terminates. The monthly dues, plus all other income of the corporation, shall be used for the sole purpose of meeting losses and expenses of the corporation.

Section 3. Annual Meetings. The regular annual meeting of members shall be held on the third Tuesday of the second month of the year. Said meetings shall be at Phoenix, Arizona, or such other place as the Board of Directors may so designate.

Section 4. Special Meetings. Special meetings of the members shall be called at any time by the President; or a majority of the members of the Board of Directors; or on a resolution adopted by the Board of Directors; or upon a petition signed by the members who are entitled to vote thirty (30%) percent of the total number of votes eligible to be cast. Such meeting shall be held at Phoenix, Arizona, or such other place as the Board of Directors may so designate.

Section 5. Notice of Meetings. Notices of every annual or special meeting of members, stating the time and place where such meeting is to be held, shall be given by serving a copy of such notice personally or by ordinary mail to each member not less than ten (10) days prior to each annual meeting and not less than two (2) days prior to each special meeting. If mailed, such notice shall be directed to the member at his address as it appears in the membership book, unless he shall request that notices intended for him be mailed to some other address.

Section 6. Waiver of Notice. Any member, at any time, may waive any notice required to be given under these By-Laws. The presence of a member in person at any members' meeting shall be deemed such a waiver.

Section 7. Quorum. The presence, either in person or by proxy of the members entitled to vote thirty (30%) of the total number of votes eligible to be cast shall constitute a quorum for the transaction of business at regular and special meetings of members.

Section 8. Proxies. At all annual and special meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary or Board designee.

Section 9. Voting. The owner or owners of any parcel or parcels of real property located in any irrigated Sunburst Farms East subdivision shall be entitled to one vote, as long as said member is in good standing. "Good standing" shall be defined as current payment in full of all obligations due the Sunburst Farms East Corporation by said owner.

Section 10. Special Provision. Notwithstanding any provisions contained in these By-Laws to the contrary, the Trustee or its proxy shall be entitled to one vote for each lot owned in the irrigated Sunburst Farm East and shall be released from all membership dues, assessments and other charges specified hereunder.

ARTICLE II

DIRECTORS AND DIRECTORS' MEETINGS

Section 1. General Powers. The property, affairs and activities of the corporation shall be managed by the Board of Directors.

Section 2. Number, Election and Term of Office. The Board of Directors shall consist of from three to nine members as determined by the general membership. Directors shall be elected from the general membership at the annual meeting. The term of office for each Director elected shall be three years, thereby maintaining staggered terms on the Board. The number of Directors may be altered from time to time at any regular or special meeting by the action of members entitled to vote a majority of the votes eligible to be cast at said meeting. Directors shall be elected for the term above designated or until their successors shall have been elected and qualify.

Section 3. Vacancies. Vacancies on the Board of Directors resulting from death, resignation, incapacity, or for any other reason shall be filled by majority vote of the Board of Directors at a regular or special meeting of the Board of Directors called for such purpose. A Director so appointed shall complete the unexpired term of his predecessor.

Section 4. Regular Meetings. Regular meetings of the Board of Directors for the election of officers and the transaction of such other business as may come before the meeting, shall be held immediately following the annual meeting of members and no notice thereof shall be required to be given to any Director.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called at any time by a majority of the Board of Directors.

Section 6. Notices of Meetings. Notice of each special meeting of the Board of Directors shall be given not less than three (3) days prior to the date said meeting is scheduled to be held.

Section 7. Waiver of Notice. Any Director may, at any time, waive any notice required to be given under these By-Laws. The presence of a Director in person at any Directors' meeting shall be deemed such a waiver.

Section 8. Quorum. A majority of the Directors then holding office shall be necessary to constitute a quorum for the transaction of business, and the act of a majority of Directors present at any meeting in which a quorum is present shall be an act of the Board of Directors.

Section 9. Adjournment of Meetings. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interest of the corporation, provided that no meeting may be adjourned for a period of time longer than thirty (30) days.

Section 10. Specific Powers.

(a) The Board of Directors shall have full power and authority to set the monthly assessment (dues) and the cost of other services to be rendered by the company. The Board of Directors shall have full power and authority to levy special assessments against the members in the event of major improvements, breakdowns, or other unusual outlay and expenditure where such assessment is found to benefit the general welfare of the members. Increases in the monthly assessment (dues), if necessary, shall be held to less than that allowable by law without approval of a majority of the members.

(b) Each member shall maintain his property to such a standard as to not depreciate the value of the overall project. In the event any member fails or refuses to maintain his property to this standard and the standard as required by the deed restrictions recorded in the Office of the Maricopa County Recorder, he hereby consents to the Board of Directors of the company improving his property to the required standard in order that the value of the overall Sunburst Farms East Development will not depreciate. The cost of such improvements shall be charged to said member. This paragraph shall not limit the company from exercising any other remedies which the company may legally exercise.

Section 11. Removal of Directors. Any Director may be removed, with or without cause, at any annual or special meeting of the members. Such removal shall be by the affirmative vote of at least a majority of the votes eligible to be cast. A member must be in "good standing" and eligible to vote in order to be elected to the Board as a member or officer.

ARTICLE III

OFFICERS

Section 1. Officers. The officers of the corporation shall consist of a President, a Vice President, a Secretary and a Treasurer, and such other officers and agents as may from time to time be chosen by the Board of Directors. Such officers shall hold office for a term of one year, or until their successors are duly elected and qualify. The President shall be chosen from among the members of the Board of Directors. The same person may hold any two offices, except that the President may not at the same time hold the office of Vice President or of Secretary.

Section 2. President. The President shall preside at all meetings of the Directors and members, and shall have general charge and control of the corporation, subject to the Board of Directors.

Section 3. Vice President. The Vice President shall have such powers to perform such duties as are delegated to him by the Board of Directors. In the absence or disability of the President, the Vice President shall perform the duties and exercise the powers of the President.

Section 4. Secretary. The Secretary shall keep the minutes of all meetings of the members, and shall attend to the giving of all notices required to be given. If a corporate seal is adopted by the corporation, the Secretary shall keep the corporate seal. The Secretary shall have charge of all the books, records and accounts of the corporation and shall, in fact, perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors.

Section 5. Treasurer. The Treasurer shall have custody of all funds and securities of the corporation which may come into his hands. When necessary and proper, he shall endorse on behalf of the corporation for collection checks, notes and other negotiable instruments payable to the corporation, in such bank or banks or depositories as the Board of Directors shall designate. He shall keep and maintain adequate books of account and records for the corporation and shall make such reports to the Board of Directors as may be required of him by said Board. The Treasurer shall further perform all acts and things incident to the office of Treasurer, subject to the control of the Board of Directors, and shall give bond for the satisfactory discharge of his duties in such amount as the Board of Directors shall fix and determine at its discretion. All premiums due regarding said bond shall be paid for by the corporation.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 1. Corporate Seal. The corporation shall have the power to adopt a corporate seal if so desired by its members.

Section 2. Fiscal Year. The Fiscal Year of the corporation shall be such as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Checks, Drafts, Notes. All checks, drafts, or other orders for payment of money, notes or other evidence of indebtedness issued in the name of the corporation shall be signed by such officer, officers, agent, or agents of the corporation, and such manner as shall from time to time be determined by resolution of the Board of Directors, except that in all cases two (2) signatures shall be required unless the signing party is bonded in an amount acceptable to the Board of Directors and has been specifically authorized to sign.

Section 4. Majority Vote. Unless otherwise provided in the Articles and By-Laws of the corporation, a majority of the votes cast in favor of any matter or matters to come before any meeting of members or Directors shall constitute passage and adoption thereof by the corporation.

Section 5. Annual Report. Directors shall cause to be sent to the members not later than 120 days after the close of the fiscal year, or the calendar year, a balance sheet as to the closing date of such year, together with a statement of income and disbursements for the year. These financial statements shall be certified by the Executive Secretary and a Certified Public Accountant.


ARTICLE V

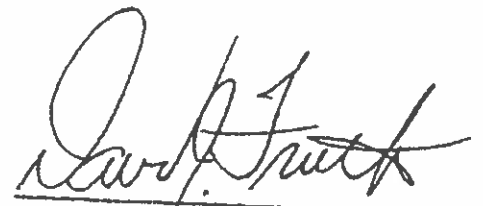
AMENDMENT OF BY-LAWS

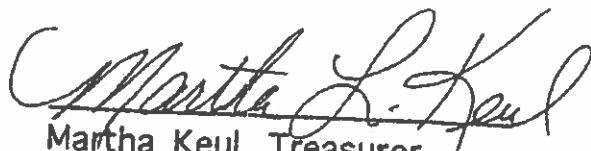
These By-Laws may be amended by a majority vote of the membership subject to approval by the Federal Housing Administration and the Veterans Administration as provided in the Articles of Incorporation.

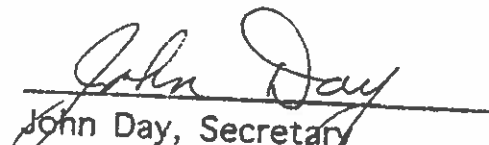
CERTIFICATION

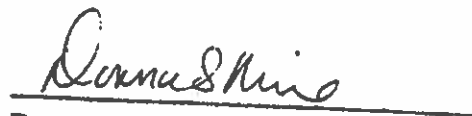
We, the undersigned, do hereby certify that we are the duly elected and acting Board of Directors of SUNBURST FARMS EAST, an Arizona corporation, and that the foregoing By-Laws constitute the updated By-Laws of the corporation as adopted at a meeting of the Board of Directors thereof, held on the 16th day of April 1997.


Darla Kendall, President


David Fruth, Vice President


Martha Keul, Treasurer


John Day, Secretary


Donna Mire


Rasma Ekmanis