LAW OFFICES
MAZURAN & HAYES
A PROFESSIONAL CORPORATION
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1245 EAST BRICKYARD ROAD
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March 17, 1994

Ken Leetham
South Jordan City
11175 South Redwood Road
South Jordan, UT 84095

RE: Original Bond for Springfield Phase 3

Dear Ken:

Enclosed please find the original bond executed by the Developer and United Savings Bank of Utah which should now be signed by the Mayor and the City Recorder and filed in the records of your office. I have executed the subdivision plat and have returned it to the Developer for forwarding to the Mayor and City Council. If you have any questions, please advise.

Very truly yours,

Michael J. Mazuran

MJM/PM

Enclosure

SOUTH JORDAN CITY

AGREEMENT FOR SUBDIVISION IMPROVEMENTS

(ESCROW DEPOSIT FORM)

THIS AGREEMENT is made and entered into by and between Rycor, Inc. (hereinafter "Developer"), whose address is 1387 Ambassador Way, Salt Lake City, Utah 84108, and South Jordan City, a municipal corporation of the State of Utah, (hereinafter "City") whose address is 11175 South Redwood Road, South Jordan, Utah, 84065, and United Savings Bank, a Utah or federally chartered bank or savings and loan association authorized to do business in the State of Utah, whose address is 376 E. 400 S., Salt Lake City, Utah 84111, (hereinafter "Bank").

WHEREAS, Developer desires to establish and record a platted subdivision of land located within South Jordan City, Utah, said subdivision to be known as Springfield Phase 3, approximately in the location of 1860 West 9500 South, in South Jordan City, and

WHEREAS, the City will not approve said subdivision unless Developer promises to install and warrant certain improvements as herein provided and satisfactory security is provided for that promise.

NOW, THEREFORE, in consideration of the mutual promises of the parties, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Installation of Improvements. The Developer agrees to install the street paving, water lines, curb, gutter, sidewalk, storm sewers, landscaping, parking, and other facilities required by the City for subdivisions (the "Improvements") precisely as shown on the plans, specifications, and drawings previously reviewed and approved by the City in connection with the subdivision and in accordance with the Construction Standards of the City, and on or before the date two (2) years from the date of this Agreement. Developer further agrees to pay the total cost of obtaining and installing the Improvements, including the cost of acquiring any required easements.

2. Dedication. The Developer shall dedicate to the City the areas shown on the subdivision plat as public streets and as public easements, provided however that Developer shall indemnify the City and its representatives from all liability claims, costs, and expenses of every nature, including attorneys fees which may be incurred by the City in connection with such

public streets and public easements until the same are accepted by the City following final inspection of all Improvements and acceptance thereof by the City.

3. Escrow. The Developer and the Bank hereby acknowledge that an account (the "Account") has been established at the Bank in the amount of $ 281,058.80 (the "Escrow Amount"), which the Developer and the City stipulate to be a reasonable preliminary estimate of the cost of the Improvements, together with 10% of such cost to secure the warranty set forth in this Agreement. The Account is identified by the number 1210845192 The Developer and the Bank further agree that if (1) the Improvements are not completed as required by this Agreement on or before the date two years after the date of this Agreement, or if (2) the Improvements are not installed strictly in accordance with paragraph 1 above and written notice of the deficiency has been given to the Developer, who has failed to remedy the deficiency within ten days after the notice is sent, then in either event, the City may withdraw from the Account all or any part of the Escrow Amount, in a single or in multiple withdrawals. The Bank agrees to retain and disburse the Escrow Amount pursuant to the provisions of this Agreement. The parties agree that withdrawals from the Account by the City may be effected by one or more sight drafts signed by the City Administrator in the form attached as Exhibit "A", or by other instrument appropriate to the purpose. Interest shall accrue to the City and be payable by the Bank at the rate of 20% per annum beginning on the date on which payment of such a sight draft, properly signed, is refused by the Bank. The City shall not be liable for the payment of any fee or service charge incurred in connection with the Account. The Bank acknowledges sufficient consideration for its promises in the form of fees and/or fund deposits received from Developer.

4. Progress Payments. Upon completion of each major improvement category (i.e. water system, road, storm drain, etc.) the Developer may request the City to allow up to 90% payment(s) from the Account as the work progresses. The City shall, when thus requested in writing, inspect the construction, receive any necessary documents and information, and determine whether a partial release should be allowed. After receiving the request, performing the inspection, and making the release determination, the City may in writing authorize disbursement to the Developer from the Account in an amount of up to 90% of the Escrow Amount. The amount of any disbursement shall reduce the Escrow Amount. Except as provided in this section or in sections 5 through 8 inclusive, the Bank shall not release or disburse any funds from the Account.

5. Refund or Withdrawal. In the event the City determines that it is necessary to withdraw funds from the Account to complete construction of Improvements, the City may withdraw all or any portion of the Escrow Amount and may cause the Improvements

(or any part of them) to be constructed or completed using the funds received from the Account. Any withdrawn funds not expended in connection with the completion of the Improvements by the City shall be refunded to Developer upon completion of the Improvements, less 15% of the original Escrow Amount, which shall be retained by the City to cover its overhead and other expenses incurred by the City's administration in completing the Improvements.

6. Preliminary Release. At the time(s) herein provided, the City may authorize release of all funds in the Account, except 10% of the estimated cost of the Improvements, which shall be retained in the Account until final release pursuant to the next section. Said 10% shall continue as security for the performance by the Developer of all remaining obligations of this Agreement, including the warranty, and may be withdrawn by the City as provided hereinabove for any breach of such obligations. The release(s) provided for in this section shall occur when the City certifies that the Improvements are complete, which shall be when the Improvements have been installed as required and fully inspected and approved by the City, and after as-constructed drawings have been supplied as required.

7. Final Release. Upon full performance of all of Developer's obligations pursuant to this Agreement (including the warranty obligations of section 26), the City shall notify the Bank and the Developer in writing of the satisfactory completion of the work. Upon giving such notice, the City shall relinquish all claims and rights in the Account and the Bank shall then be authorized to release the balance of the Account to the Developer.

8. Limitation of Liability. The Bank may honor all drafts presented by the City without informing the Developer or inquiring as to the reason for the presentation of the draft. Upon partial or full disbursement of amounts in the Account to the City or to the Developer pursuant to and in accordance with the terms of this Agreement, the Bank shall be relieved from any further liability for the amounts disbursed and when authorized in writing by the City to make final disbursement of the Account, the Bank shall be relieved from all further responsibilities under this Agreement.

9. Non-Release of Developer's Obligations. It is understood and agreed between the parties that the establishment and availability to the City of the Account as herein provided and any withdrawals from the Account by the City shall not constitute a waiver by or estoppel against the City and shall not release or relieve the Developer from Developer's obligation to install and fully pay for the Improvements as required in paragraph 1 above, and the right of the City to withdraw from the Account shall not affect any rights and remedies of the City against the Developer for breach of any covenant herein, including the covenants of paragraph 1 of this Agreement. Further, the Developer agrees that

if the City withdraws from the Account and performs or causes to be performed all or any portion of the work and installation of Improvements required of the Developer hereunder, then any and all costs incurred by the City in so doing which are not collected by the City by withdrawing from the Account shall be paid by the Developer, including construction, administrative, engineering, legal, and procurement fees, costs and expenses.

10. Connection. Upon performance by Developer of all obligations set forth in this Agreement and compliance with all applicable resolutions, rules, and regulations of the City, whether now or hereafter in force, including payment of all connection, review, and inspection fees, the City shall permit the Developer to connect the subdivision to the City's water and storm drainage systems and shall thereafter utilize and maintain the Improvements to the extent and in the manner now or hereafter provided in the City's regulations.

11. Inspection. The Improvements, their installation, and all other work performed by the Developer or its agents pursuant to this Agreement shall be inspected at such times as the City may reasonably require and prior to closing any trench or excavation containing such Improvements. The City shall have a reasonable time of not less than 24 hours after notice in which to send its representatives to inspect the Improvements. Any required connection and impact fees shall be paid to the City by the Developer prior to such inspection. In addition, all inspection fees required by ordinances and resolutions shall be paid to the City by the Developer prior to inspection.

12. Ownership. The Improvements shall become the property of the City upon final inspection and approval of the Improvements by the City, and the Developer shall thereafter advance no claim or right of ownership, possession, or control of the Improvements.

13. As Constructed Drawings. The Developer shall furnish to the City two sets of drawings showing the Improvements and any related structures or materials as such have actually been constructed by the Developer. The City shall not be obligated to release the Account until the "as constructed" drawings have been provided to the City.

14. Binding Effect and Assignment. This Agreement shall be binding upon, and inure to the benefit of, the heirs, officers, agents, legal representatives, successors and assigns of the parties hereto. No party shall assign or transfer any rights under this Agreement without the prior written consent of the other first obtained, which consent shall not be unreasonably withheld.

15. Notices. Any notice required or desired to be given hereunder as shall be deemed sufficient if sent by certified mail,

postage prepaid, addressed to the respective parties at the addresses shown in the preamble.

16. Severability. Should any portion of this Agreement for any reason be declared invalid or unenforceable for any reason, the invalidity or unenforceability of such portion shall not affect the validity of any of the remaining portions and the same shall be deemed in full force and effect as if this Agreement had been executed with the invalid portions eliminated.

17. Governing Law. This Agreement and the performance hereunder shall be governed by the laws of the State of Utah.

18. Counterparts. The fact that the parties hereto execute multiple but identical counterparts of this Agreement shall not affect the validity or efficacy of their execution, and such counterparts, taken together, shall constitute one and the same instrument, and each such counterpart shall be deemed an original.

19. Waiver. No waiver of any of the provisions of this Agreement shall operate as a waiver of any other provision, regardless of any similarity that may exist between such provisions, nor shall a waiver in one instance operate as a waiver in any future event. No waiver shall be binding unless executed in writing by the waiving party.

20. Captions. The captions preceding the paragraphs of this Agreement are for convenience only and shall not affect the interpretation of any provision herein.

21. Entire Agreement. This Agreement, together with its exhibits and the approved plans and specifications referred to, contains the entire and integrated agreement of the parties with respect to the subject matter hereof, and no prior or contemporaneous promises, representations, warranties, inducements, or understandings between the parties which are not contained herein shall be of any force or effect.

22. Default. In the event either party hereto defaults in any of the covenants or agreements contained herein, the defaulting party shall pay all costs and expenses, including a reasonable attorney's fee, incurred by the other party in enforcing its rights hereunder whether incurred through litigation or otherwise.

23. Other Bonds. This Agreement and the Account do not alter the obligation of Developer to provide other bonds under applicable ordinances of any city or county. The furnishing of security in compliance with the requirements of other jurisdictions shall not adversely affect the ability of the City to draw on the Account as provided herein.

24. Time of Essence. The parties agree that time is of the essence in the performance of all duties herein.

25. Exhibits. Any exhibit(s) to this Agreement are incorporated herein by this reference, and failure to attach any such exhibit shall not affect the validity of this Agreement or of such exhibit. Any unattached exhibit is available from the records of the parties.

26. Warranty. The Developer hereby warrants that the Improvements installed, and every part thereof, together with the surface of the land and any improvements thereon restored by the Developer, shall remain in good condition and free from all defects in materials and/or workmanship during the Warranty Period, and the Developer shall promptly make all repairs, corrections, and/or replacements for all defects in workmanship, materials, or equipment during the Warranty Period, without charge or cost to the City. The City may at any time or times during the Warranty Period inspect and/or photograph or videotape the Improvements and notify the Developer of the condition of the Improvements. The Developer shall upon notice from the City immediately make any repairs or corrections required by this section. For purposes of this section, "Warranty Period" means a period of one year beginning on the date on which the Improvements are certified complete by the City.

27. Amendment. Any amendment or modification of this Agreement shall be made in writing, signed by the parties, and attached hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective duly authorized representatives this 11th day of March, 1994.

DEVELOPER:
Rycor, Inc.

BY: _____
ITS: President

CITY:

ATTEST:

SOUTH JORDAN CITY

_____
CITY RECORDER

BY: _____
ITS: MAYOR

BANK:
United Savings Bank

BY: _____
ITS: Vice President

[OR AS SUPPLIED BY BANK]

EXHIBIT "A"

SIGHT DRAFT

To Drawee _____ _____
_____, Utah _____

PAY TO THE ORDER OF South Jordan City on sight the sum of _____ dollars $_____ drawn against Account No. _____.

SOUTH JORDAN CITY

BY:_____
CITY ADMINISTRATOR