

ANNEXATION AGREEMENT
• AND
COVENANT RUNNING WITH THE LAND
(Juniper Springs Annexation)

THIS AGREEMENT entered into this 20 day of October, 2005, by and between Heber City and Land Equity Partners, L.P., Rockin E Ranch, and the Georgeann McNaughtan Trust, the undersigned as "Owners."

WHEREAS, the Owners desire City services, and that Heber City annex the hereinafter described property into the City under its PC zoning; and

WHEREAS, the City is willing to so annex and to provide City services at City rates upon certain conditions and subject to certain covenants;

NOW, THEREFORE, the parties hereby agree as follows:

1. Heber City agrees to annex into the City under its PC Zone the property described in the attached Exhibit A.
2. Owners agree:
 - (a) to transfer to the City adequate water rights to service any portion of the Property to be developed at the time of Final Plat Approval;
 - (b) provide verification to Heber City that the sewer capacity is sufficient for the needs and impact of development, and provide any required over-sizing or extension of offsite sewer mains;
 - (c) construct an outfall sewer main, at the Owners' expense, from the Property south along the Wasatch Canal to the existing sewer trunk main in 600 South where adequate capacity exists to service the Property;
 - (d) connect to the source of existing City utility services, and with respect to City services, at Owners' expense, go to source of such services;
 - (e) in the event that Owners further modify or develop the property such that additional demands are placed upon the utilities, Owners shall transfer additional water rights necessary to meet said demands or needs prior to final approval of any said modification or development of the property;

(f) with regard to culinary water protection, comply with the Heber City Source Protection Plan;

(g) provide for sufficient storage capacity for storm water retention or detention and storm drain piping per City Standards for the Property;

(h) conduct a traffic study for the Property to determine the impacts of the project on Lake Creek Drive, Center Street, 1200 East (Mill Road) and surrounding streets servicing the Property and construct any mitigation improvements related to the development of the Property, subject to any reimbursement provisions from future developments that benefit from said improvements;

(i) improve Lake Creek Drive along the Property frontage to a paving width up to 50 feet (the "Lake Creek Drive Improvements"). The City will reimburse Owner the cost of over-sizing relating to the Lake Creek Drive Improvements over a 36 foot wide paving width;

(j) install curb and gutter along the north side of Lake Creek Drive adjacent to the Property;

(k) install secondary water improvements as approved by Heber City and pursuant to the PC zone master plan;

(l) construct booster pump station and concrete storage tank to provide adequate fire protection, storage and pressure for the northeastern portion of the property;

(m) dedicate sufficient land and or easements for maintenance access along the canal system in cooperation with local state and federal agencies;

(n) establish an Affordable Housing Program which meets the requirements of the Affordable Housing Ordinance;

(o) provide sufficient access and availability to the Wasatch County irrigation System for its canals and waterways located on or adjacent to the Property;

(p) provide a suitable location and coordinate with the City to install a secondary irrigation storage/peaking pond. The responsibility to construct said storage pond, and the proportionate cost will be proportionate to the benefit the Owners' receive from said pond;

(q) construct and dedicate the park, open space, and trail system dedicated for public purposes within the Property consistent with the General Plan and County Trails Master Plan;

(r) submit a feasibility and long term maintenance plan for the operation of the Juniper Springs Golf Course. Such

plan shall be approved by the City Council;

(s) develop CC&R's and design guidelines for the Property which ensure compliance with the requirements of the PC Zone, the Juniper Springs Master Plan, and the architectural and site design standards established for the Property. The CC&R's shall also define how the design guidelines will be enforced to insure compliance with and maintain consistency in the overall planning process, and

(t) development of the Owners' Property is subject to any applicable reimbursement agreements resulting from agreements on properties of which the Owners' Property is a participant.

This Agreement shall be a covenant running with the land, and shall be binding upon the Parties and their assigns and successors in interest.

In the event there is a Failure to Perform under this Agreement and it becomes reasonably necessary for any party to employ the services of an attorney in connection therewith (whether such attorney be in-house or outside Counsel), either with or without litigation, on appeal or otherwise, the losing party to the controversy shall pay to the successful party reasonable attorney's fees incurred by such party and, in addition, such costs and expenses as are incurred in enforcing this Agreement.

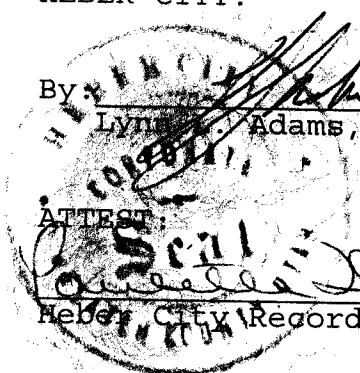
Time is of the essence of this Agreement. In case any party shall fail to perform the obligations on its part at the time fixed for the performance of such obligations by the terms of this Agreement, the other party or parties may pursue any and all remedies available in equity, at law, and/or pursuant to the terms of this Agreement.

DATED this 20 day of Oct, 2005.

HEBER CITY:

By: [Signature]
Lynn Adams, Mayor

ATTEST:
[Signature]
Heber City Recorder



OWNER, Land Equity Partners, L.P.

By: Tyler Aldous

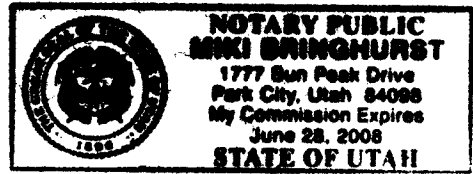
STATE OF UTAH)
: ss.
COUNTY OF WASATCH)

On this 31ST day of October, 2005,
personally appeared before me Tyler Aldous,
representing the above-named Owner, Land Equity Partner's L.P.,
who duly acknowledged to me that he is the owner in fee, or duly
appointed representative, and executed the same as such.

Miki Bringhurst
NOTARY PUBLIC

OWNER, Rockin E Ranch

By: Benjamin J. McNaughtan



STATE OF UTAH)
: ss.
COUNTY OF WASATCH)

On this 1ST day of November, 2005,
personally appeared before me Benjamin J. McNaughtan,
representing the above-named Owner, Rockin E Ranch, who duly
acknowledged to me that he is the owner in fee, or duly appointed
representative, and executed the same as such.

Miki Bringhurst
NOTARY PUBLIC

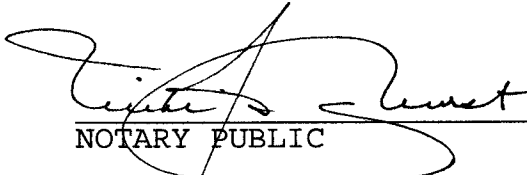
OWNER, Georgeann McNaughtan Trust,

By: Georgeann McNaughtan
Georgeann McNaughtan



STATE OF UTAH)
): ss.
COUNTY OF WASATCH)

On this 15th day of November, 2005,
personally appeared before me, Georgeann McNaughtan, who duly
acknowledged to me that she is the Trustee of the Georgeann
McNaughtan Trust and executed the same as such.



NOTARY PUBLIC



Exhibit "A"

Commencing at a point that is 662.10 feet North 00°18'46" East from the Southeast corner of Section 33, Township 3 South, Range 5 East, Salt Lake Base and Meridian; and running thence South 89°33'45" West 345.15 feet; thence South 00°29'18" West 680.17 feet to the fence line on the South side of Lake Creek Road; thence South 89°50'03" West 1963.17 feet along the fence line on the South of Lake Creek Road; thence North 89°52'32" West 424.34 feet along the fence line on the South side of Lake Creek Road; thence South 89°47'32" West 1714.51 feet along fence line on South side of Lake Creek Road; thence North 00°11'40" West 52.15 feet; thence North 19°11'41" East 112.98 feet; thence North 15°56'41" East 127.91 feet; thence North 32°26'09" East 61.51 feet; thence North 38°29'30" East 105.48 feet; thence North 28°37'26" East 45.34 feet; thence North 12°33'02" East 27.82 feet; thence South 89°16'54" East 0.24 feet; thence North 02°59'47" East 60.22 feet; thence North 08°00'00" West 1026.65 feet; thence North 27°45'44" West 167.54 feet; thence North 64°07'48" West 225.76 feet; thence North 03°33'41" East 894.05 feet to the quarter section line of said Section 33; thence South 89°26'04" West 709.94 feet along the quarter section line of Section 33 to the West line of Section 33; thence North 00°01'24" East 531.66 feet along the West line of Section 33 to the South line of lot 7 of the Sage Acres Subdivision; thence North 89°19'55" East 20.18 feet along the South line of lot 7; thence North 00°40'05" West 802.12 feet along the East line of the Sage Acres Subdivision; thence North 89°58'44" West 10.50 feet along the North line of lot 1 of Sage Acres Subdivision; thence North 00°01'24" East 1.28 feet along the West section line of Section 33 to the North one sixteenth line of said section 33; thence North 89°24'13" East 2673.54 feet along the North one sixteenth line of Section 33; thence North 89°13'55" East 2666.51 feet along the North one sixteenth line to the East line of Section 33; thence South 00°01'09" East 1346.08 feet along the East line of said section 33; thence South 00°18'46" West 2051.14 feet along the East line of Section 33 to the point of beginning. Containing: 436.36 acres more or less.