

AFTER RECORDING, RETURN TO:

Snell & Wilmer L.L.P.
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101
Attn: Craig T. Jenson

Affects Tax Parcel Nos.: 01-040-A-0022;
16-031-0-0002; and 01-115-0-0020

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (this “Memorandum”), is made and entered into by and among LGI HOMES – UTAH, LLC, a Utah limited liability company (“LGI”), CW DESERT EDGE, LLC, a Utah limited liability company (“CW Desert Edge”), and CW LAND CO., LLC, a Utah limited liability company (“CW Land” and collectively with CW Desert Edge, “CW”).

This Memorandum is made with reference to the following:

A. LGI, as buyer, and CW Desert Edge, as seller and successor by assignment to CW Land, entered into that certain *Purchase and Sale Agreement* dated effective on or around August 25, 2021, as the same was amended on or around the following dates by the identified amendments: (i) October 25, 2021 by that certain *First Amendment to Purchase and Sale Agreement* (the “First Amendment”); (ii) November 4, 2021 by that certain *Second Amendment to Purchase and Sale Agreement*; (iii) November 19, 2021 by that certain *Third Amendment to Purchase and Sale Agreement*; (iv) November 22, 2021 by that certain *Fourth Amendment to Purchase and Sale Agreement*; (v) May 2, 2022 by that certain *Fifth Amendment to Purchase and Sale Agreement*; and (vi) May 5, 2022 by that certain *Sixth Amendment to Purchase and Sale Agreement* (collectively, as amended, the “Agreement”). Capitalized terms used but not otherwise defined in this Memorandum shall have the same meanings as used in the Agreement.

B. Pursuant to the Agreement, CW Desert Edge sold and conveyed to LGI the Property more particularly described on Exhibit A attached hereto.

C. On or around May 4, 2022, the Grantsville City Council adopted the Capital Facilities (Impact Fee) Plan (“Capital Facilities Plan”) on which CW and LGI based the Water Credits calculation contained herein for Desert Edge concept plan F (“Concept Plan”). The Capital Facilities Plan information is described on Exhibit B and the Concept Plan is included on Exhibit C both of which are attached hereto.

D. LGI represents to CW that the Concept Plan represents LGI's intended use of the Property and, subject to Section 5 below, the transfer of the Water Credits from CW to LGI will fully satisfy CW's obligations with respect to the Water Credits and Water Connections.

E. Pursuant to the Agreement, and, specifically, the First Amendment, on or about May 6, 2022, CW transferred and assigned to LGI 305.63 acre-feet of water credits (the "Water Credits"), calculated to represent the seven hundred (700) Water Connections (based on an indoor water dedication requirement of 0.218 acre-feet per unit/Lot), that were banked with the City by means of three (3) Assignments of Water Credits each dated May 20, 2022, and executed by each of CW Desert Edge and CW Land, for LGI's development of the Project and Lots within the Property. For the avoidance of doubt, the parties expressly acknowledge and confirm that the Water Credits are sufficient for Grantsville City's (i) outdoor single-family water dedication requirement, and (ii) outdoor multi-unit water dedication requirement for the Concept Plan.

F. LGI and CW have agreed to the terms set forth in this Memorandum regarding the Water Credits.

NOW, THEREFORE, in consideration of the contractual commitment of LGI and CW in the Agreement, and the mutual promises and covenants of the parties set forth in this Memorandum, the parties agree as follows:

1. LGI shall (i) only use the Water Credits for development of the Property; (ii) not comingle the Water Credits with any other water LGI, or an affiliate or subsidiary thereof, has banked with the City; and / or (iii) not sale, transfer, convey, or otherwise dispose of the Water Credits to any third-party (whether an affiliate, subsidiary, or otherwise) or for any use or reason other than development of the Property.

2. At the time LGI obtains final plat approval for the Property, or any portion of the Property, from the City, LGI will notify CW of the total amount of Water Credits required by the City and to be used by LGI in accordance with applicable City ordinances and regulations for the development of the Project and Lots within the Property ("Used Water Credits"). Following such notice and prior to recordation of the applicable approved final plat (i.e., dedication of the Used Water Credits to the City), CW shall have the right to confirm, with the City, the amount of water required by the City for the same.

3. If, after recordation of all final plats for the initial development of the entire Property by LGI, the acre-feet of the Used Water Credits is equal to the acre-feet of the Water Credits, then this Memorandum shall automatically terminate and be of no further force or effect as of the date of LGI's last notice to CW provided in Section 2 above and subsequent confirmation by CW of the amount of water required by the City for the same.

4. If, after recordation of all final plats for the initial development of the entire Property by LGI, the acre-feet of the Used Water Credits is less than the acre-feet of the Water Credits, then LGI will transfer and assign to CW, at no cost, the difference between the Used Water Credits acre-feet and the Water Credits acre-feet by means of an assignment of water credits, in

the City's prescribed form, within three (3) days after LGI's last notice to CW provided in Section 2 above.

5. The parties acknowledge and agree that a portion of the acre-feet of the Water Credits has been calculated based on an indoor water dedication requirement of 0.218 acre-feet per unit/Lot, as established in the Capital Facilities Plan, in anticipation of the City's expected approval of an ordinance reducing the City's current indoor water dedication requirement of 0.45 acre-feet per unit/Lot ("**Current Indoor Requirement**") to 0.218 acre-feet per unit/Lot or lower to correspond to the Capital Facilities Plan. The parties further acknowledge and agree that the remaining portion of the acre-feet of the Water Credits (i.e., single-family outdoor water dedication requirement and multi-unit outdoor dedication requirement) is an accurate calculation. Therefore, and only with respect to the City failing to approve an ordinance to reduce the indoor water dedication requirement to correspond to the Capital Facilities Plan, prior to recordation of all final plats for the initial development of the entire Property by LGI, at any time LGI obtains final plat approval for the Property, or any portion of the Property, from the City, and the Current Indoor Requirement remains in effect such that the Water Credits would be insufficient, based on the indoor water dedication requirement, for the recording of the applicable approved final plat, LGI may notify CW of the total amount of the difference between the Current Indoor Requirement for such final plat and the amount included in the Water Credits (i.e., the amount by which the Water Credits is insufficient for the recordation of the applicable approved final plat), based on the indoor water dedication requirement, required in order to record the applicable, approved final plat, and for the continued development of the Project and Lots within the Property. In the event LGI delivers to CW a notice as provided in this Section 5, then, within forty-five (45) days after LGI's notice to CW, CW will transfer and assign to LGI, at no cost, water credits banked with the City in an amount equal to the acre-footage of the deficiency, by means of an assignment of water credits in the City's prescribed form.

6. Notwithstanding any provision herein to the contrary, LGI and CW agree that within ten (10) days following the City's approval of an ordinance, if any, reducing the Current Indoor Requirement applicable to the Project below 0.218 acre-feet per unit/Lot, then the parties will recalculate LGI's indoor water requirement applicable to LGI's townhome and single-family product on Lots within the Project and any excess acre-feet included in the Water Credits based on such recalculation will be assigned back to CW at no cost, on the City's prescribed form, within three (3) days from such calculation.

7. LGI and CW agree that this Memorandum will be recorded in the official records of Tooele County, Utah ("Official Records"). Upon the satisfaction of the provisions of Section 3, Section 4, or Section 5 above, as applicable, or earlier termination of this Memorandum, this Memorandum shall automatically terminate and be of no further force or effect, and, within five (5) days of the satisfaction of a condition stated in this Section 7, each of LGI and CW shall execute and record in the Official Records a release and termination of this Memorandum. In addition, and subject CW's confirmation rights granted in Section 2 or Section 3 above, within ten (10) days after LGI's written request, CW shall execute and record in the Official Records a partial release and termination of this Memorandum as to any Lot within the Property or area which is to be dedicated to a public entity or utility and which is included in an approved final, recorded plat whose Used Water Credits have been dedicated to the City by LGI and confirmed by CW pursuant

to Section 2 above; provided, however, CW or LGI will not be obligated to fully release this Memorandum of record until the satisfaction of the provisions of Section 3, Section 4, or Section 5 above, as applicable.

8. Any notice given pursuant to this Memorandum shall be in writing and shall be delivered pursuant to the following information: (A) if to CW: CW Land Co., LLC; 1222 W. Legacy Crossing Blvd., Suite 6, Centerville, UT 84014; Attn: Legal Department; and (B) if to LGI: LGI Homes – Utah, LLC; 1450 Lake Robbins Drive, Suite 430; The Woodlands, TX 77380; Attn: Legal Department and Nick Mason.

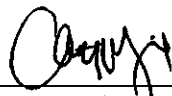
9. The prevailing party shall be entitled to reasonable attorneys' fees and court costs, as determined by the court, in any action relating to this Memorandum. The invalidity of any provision of this Memorandum, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof. This Memorandum shall not be construed for or against CW or LGI. This Memorandum and all provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of CW and LGI. This Memorandum shall be governed, construed, and controlled according to the laws of the State of Utah. No subsequent alteration, amendment, change, or addition to this Memorandum shall be binding upon CW or LGI unless in writing and signed by each of them. Any waiver by a party shall be valid only if set forth in an instrument in writing signed by such party. This Memorandum sets forth the entire agreement between relative to the contents hereof, and there are no other agreements, conditions, or understandings, oral or written, express or implied, between the parties. This Memorandum may be executed in one or more counterparts, each of which, when taken together, shall constitute the original.

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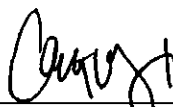
IN WITNESS WHEREOF, CW and LGI have executed this Memorandum as of the 6th day of May, 2022.

CW:

CW LAND CO., LLC,
a Utah limited liability company

By: 
Name: Colin Wright
Its: Manager

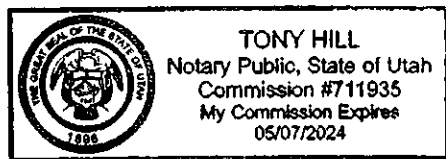
CW DESERT EDGE, LLC,
a Utah limited liability company


By: 
Name: Colin Wright
Its: Manager

State of Utah)
 §
County of Davis)

On this 23 day of May, 2022, before me personally appeared Colin Wright whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being duly sworn (or affirmed), did say that he is the Manager of CW Land Co., LLC, a Utah limited liability company, and that the foregoing document was signed by him on behalf of said limited liability company in his capacity as Manager.

Witness my hand and official seal.



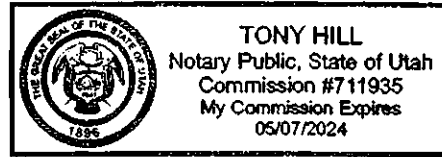

(Notary signature)

(seal)

State of Utah)
 §
County of Davis)

On this 23 day of May, 2022, before me personally appeared Colin Wright whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being duly sworn (or affirmed), did say that he is the Manager of CW Desert Edge, LLC, a Utah limited liability company, and that the foregoing document was signed by him on behalf of said limited liability company in his capacity as Manager.

Witness my hand and official seal.

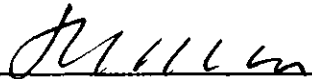



(Notary signature)

(seal)

LGI:

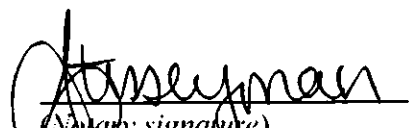
LGI HOMES - UTAH, LLC,
a Utah limited liability company

By: 
Name: Nick Mason
Its: Officer

State of Utah)
 §
County of Davis)

On this 23 day of May, 2022, before me personally appeared Nick Mason whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being duly sworn (or affirmed), did say that he is an Officer of LGI Homes – Utah, LLC, a Utah limited liability company, and that the foregoing document was signed by him on behalf of said limited liability company in his capacity as Officer.

Witness my hand and official seal.


(Notary signature)

(seal)

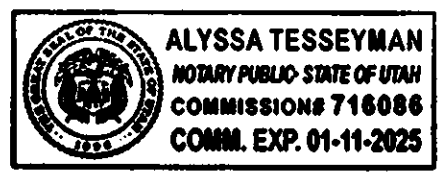


EXHIBIT A

PROPERTY DESCRIPTION

A Tract of Land, located in the NE1/4 and the SE1/4 of Section 22, and the SW1/4 of Section 23 of Township 2 South, Range 6 West, Salt Lake Base and Meridian. Basis of Bearing for description is N89°51'07"E between the North quarter corner and the Northwest corner of said Section 23, being more particularly described as follows: Beginning at a point on the Westerly right of way line of Old Lincoln Highway as established by previous subdivisions and surveys, being S89°48'41"W 1152.49 feet along the Section line and South 1333.86 feet from the Northeast corner of Section 22, Township 2 South, Range 6 West, Salt Lake Base and Meridian; thence running along the said Westerly right of way line the following six (6) courses, (1) S33°09'09"E 273.60 feet; thence (2) S32°58'50"E 888.24 feet; thence (3) S33°10'04"E 920.24 feet; thence (4) S33°38'57"E 102.25 feet; thence (5) S33°27'52"E 438.32 feet; thence (6) S33°42'20"E 1962.84 feet to the Northeast corner of Silver Fox Estates Subdivision as recorded at Entry No. 244610 in the Tooele County Recorder's Office; thence along said Silver Fox Estates the following two (2) calls, (1) S88°46'46"W 909.31 feet; thence (2) S52°58'33"W 191.30 feet to the Easterly right of way line of SR-138 as established by UDOT Project, F-86(12) Revised 5-12-04; thence along said Easterly right of way line the following five (5) courses, (1) N37°01'30"W 2141.51 feet; thence (2) N36°59'06"W 1000.00 feet; thence (3) N37°06'50"W 1048.53 feet; thence (4) N38°02'17"W 400.72 feet; thence (5) N38°58'49"W 124.76 feet; thence N52°42'26"E 529.97 feet; thence along the arc of a curve to the right with a radius of 250.00 feet a distance of 233.29 feet through a central angle of 53°28'01" Chord: N79°26'26"E 224.92 feet; thence S73°49'33"E 276.56 feet; thence along the arc of a curve to the right with a radius of 300.00 feet a distance of 192.69 feet through a central angle of 36°48'03" Chord: S55°25'32"E 189.39 feet; thence S37°01'30"E 80.44 feet; thence N52°58'30"E 152.17 feet; thence N89°54'46"E 152.68 feet to the point of beginning.

EXHIBIT B

CAPITAL FACILITIES PLAN INFORMATION

Title: Capital Facilities Plan, Impact Fee Facilities Plan, and Impact Fee Analysis Updates

Project: Grantsville CFP, IFFP, and IFA Updates Grantsville, Utah

Ensign Project Number: 10766

Prepared For: Grantsville City, 429 E Main Street Grantsville, UT 84029

Dated: May 2022

Prepared By: Joey Krueger, P.E. and Matthew Sanford, E.I.T. of Ensign Engineering located at 45 West 10000 South, Suite 500, Sandy, UT 84070

Reviewed By: Robert Rousselle, P.E.

EXHIBIT C CONCEPT PLAN

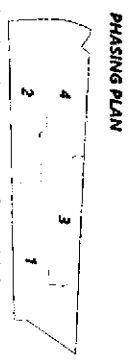
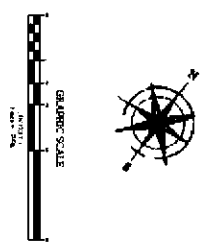
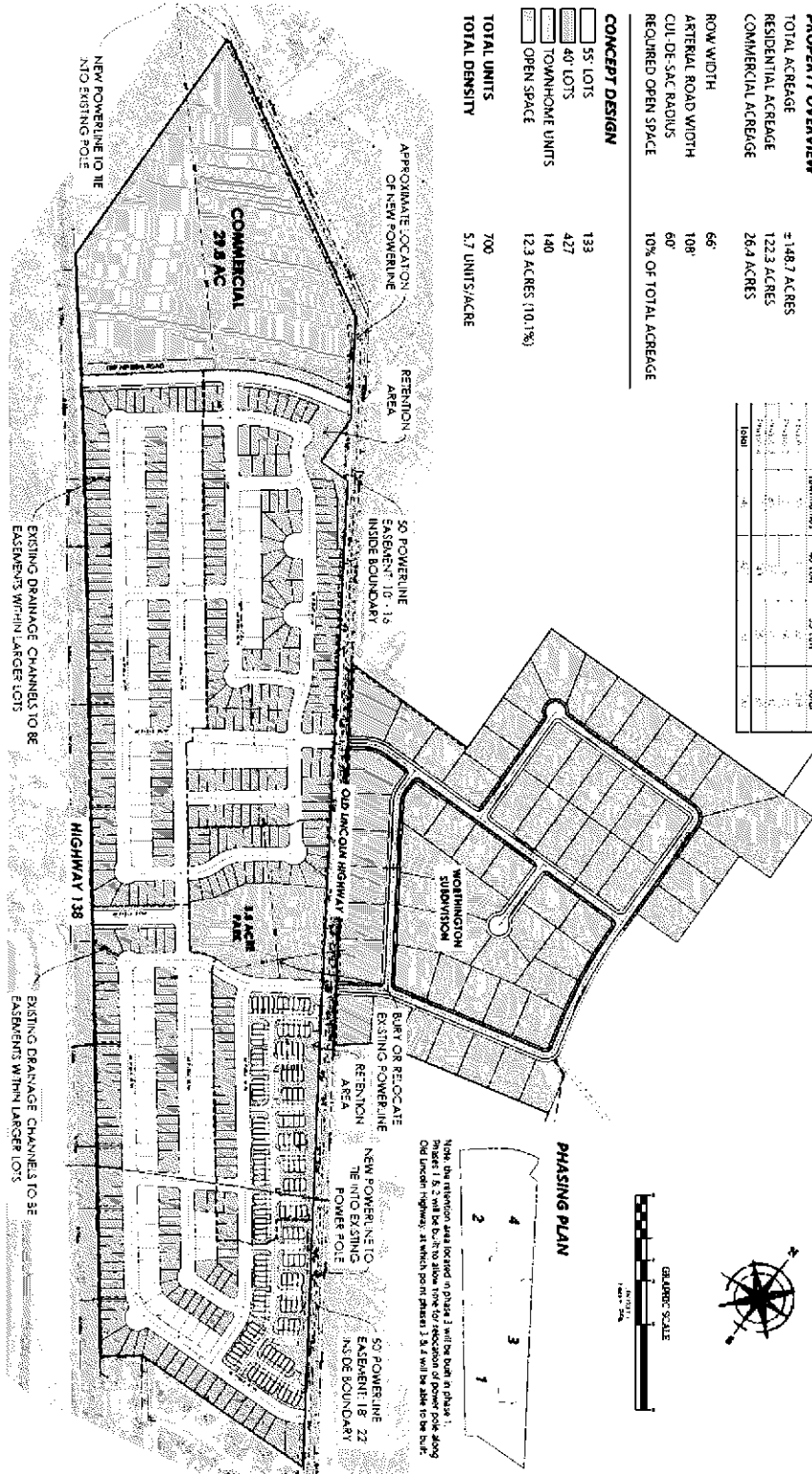
PROPERTY OVERVIEW

TOTAL ACREAGE	±148.7 ACRES
RESIDENTIAL ACREAGE	122.3 ACRES
COMMERCIAL ACREAGE	26.4 ACRES
ROW WIDTH	66'
ARTERIAL ROAD WIDTH	108'
CUL-DE-SAC RADIUS	60'
REQUIRED OPEN SPACE	10% OF TOTAL ACREAGE

	1/4" = 100'	1/8" = 100'	1/16" = 100'
PLAN	1" = 100'	1/2" = 100'	1/4" = 100'
SECTION	1/4" = 100'	1/8" = 100'	1/16" = 100'

CONCEPT DESIGN

55' LOTS	133
40' LOTS	427
TOWNHOME UNITS	140
OPEN SPACE	12.3 ACRES (10.1%)
TOTAL UNITS	700
TOTAL DENSITY	5.7 UNITS/ACRE



DESERT EDGE *concept plan F*
GRANTSVILLE CITY, TOOELE COUNTY
3/23/2022

