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10/15/1999 04:31 PM 16.00  
NANCY WORKMAN  
RECORDER, SALT LAKE COUNTY, UTAH  
AMERICA WEST TITLE  
BY: ZJM, DEPUTY - WI 4 P.

WATTS CORPORATION  
5200 South Highland Drive  
Salt Lake City, Utah 84117

7490960

NOTICE OF RESERVED RIGHT TO ACT AS GENERAL CONTRACTOR  
(Forest Creek P.U.D. Subdivision)

TO WHOM IT MAY CONCERN:

Notice is hereby given that in partial consideration of and as a condition precedent to its agreement to sell the real property described hereinbelow (the "Real Property"), WATTS 89, INC., a Utah Corporation, has reserved unto its designee Watts Corporation, a Utah Corporation (herein "Watts"), the sole and exclusive right to act as general contractor on behalf of Owner in the construction of a single family residence upon the Real Property described hereinbelow (the "Reserved Right").

AWT # 99-13403

The Real Property to which this reservation applies is located in Salt Lake City, State of Utah, and is more particularly described as follows, to wit:

SEE EXHIBIT "A" ATTACHED HERETO AND  
BY THIS REFERENCE MADE A PART HEREOF.

The owners of such Real Property, including but not limited to their successors, assigns, personal representatives, heirs and devisees are collectively referred to herein as "Owner."

The reservation and right contained herein is in addition to those restrictions, covenants and conditions imposed upon the Real Property by virtue of that certain Declaration of Covenants, Conditions and Restrictions of the Forest Creek P.U.D., Subdivision dated January 13, 1994, recorded January 28, 1994 as Entry No. 5725397, beginning at Book 686, Page 864 of the official records of the Salt Lake County Recorder (the "Declaration"). Nothing herein shall excuse the Owner from complying with the terms and conditions of the Declaration.

Owner covenants and agrees by accepting title to the Real Property that Watts (herein the "Contractor") shall be designated as Owner's contractor for the construction of a single family residence upon the real property, such residence to be constructed according to the wishes and desires of the Owner, subject only to the requirements of the Declaration and applicable governmental requirements. In the event that Owner and Contractor are unable to agree in writing upon mutually acceptable terms for the construction of a single family residence upon the Real Property, Contractor shall either have the right to waive its

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right to act as general contractor for the construction of a single family residence, or in the alternative to purchase from Owner the Real Property at "Fair Market Value". Notwithstanding the foregoing, Contractor's fee shall be equal to twelve percent (12.0%) of all costs of construction (excluding the cost of the lot) with the percentage rate of such fee to be subject to negotiation after the expiration of five years from the date hereof. "Fair Market Value" shall be determined by the mutual agreement of the parties, or if no agreement can be reached, by appraisal. In the event Fair Market Value is to be determined by appraisal, Owner and Contractor shall each obtain, at each parties sole cost and expense, an appraisal of the Real Property. In the event that the two appraisers cannot agree upon the value of the Real Property, such appraisers shall select a thrid appraiser whose determination of the Fair Market Value shall be binding upon the parties and the cost of such appraisal shall be shared equally by Owner and Contractor. All other terms of the sale and purchase shall be those contained in the Utah approved Earnest Money Receipt and Offer to Purchase Form then in existence, except that the purchase price shall be payable in cash at closing and closing shall occur within thirty (30) days of the determination of Fair Market Value.

Owner acknowledges that as a further condition to the sale of the Real Property, WATTS 89, INC., has required that Owner retain a licensed architect, reasonably acceptable to WATTS 89, INC. and/or Watts, to design a residence upon the Real Property. Owner therefore covenants and agrees by accepting title to the Real Prperty taht prior to the construction of a single family residence upon the Real Property, that Owner shall designate a leciensed architect for the design of such residence upon the Real Property and shall advise WATTS 89, INC. and Watts of the identity of such designee in writing. WATTS 89, INC. and/or Watts shall approve such selection within fourteen (14) business days, such approval not to be unreasonably withheld.

The Reserved Right retained by WATTS 89, INC., for the benefit of it and its designee Watts, and all provisions contained herein shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of WATTS 89, INC. and its designee, Watts, and their respective successors and assigns.

Dated this 13th day of October, 1999.

WATTS 89, INC.  
BY: [Signature]  
ITS: PRESIDENT

OWNER:  
[Signature]  
Boan Rubalcava  
[Signature]  
Emily Rubalcava

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EXHIBIT A

Order No. 99-1345

All of Lot 20, FOREST CREEK SUBDIVISION, a planned unit development, located in the Southwest corner of Section 17, Township 2 South, Range 1 East Salt Lake Base and Meridian, according to the Official Plat thereof on file and of record in the Salt Lake County Recorder's Office. 22-17-302-007

NOTE:

For information purposes only according to the County Assessor's Office the Address of said property is 5802 South Cove Creek Lane, Salt Lake City, Utah 84105.

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STATE OF UTAH

COUNTY OF SALT LAKE

On the 13th day of October, 1999, personally appeared before me Greg Watts, who being by me duly sworn did say that he is the President of WATTS 89, INC., the corporation that executed the foregoing instrument, and acknowledged to me that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors, and the said Greg Watts duly acknowledged to me that said corporation executed the same.

Tracy Cottle  
Notary Public

My commission expires:

Residing at:



STATE OF UTAH

COUNTY OF SALT LAKE

On the 13th day of October, 1999, personally appeared before me JOAN Rubalcava and Emily Rubalcava, the signer(s) of the foregoing instrument, who duly acknowledged to me that they executed the same.

Tracy Cottle  
Notary Public

My commission expires: 12-21-99

Residing at: Salt Lake



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