

**ENCROACHMENT AGREEMENT
SNOWMELT SYSTEM AND ROCK RETAINING WALL
WITHIN A WASTEWATER SYSTEM EASEMENT**

THIS ENCROACHMENT AGREEMENT is made by and among ASC Utah, Inc. ("ASCU"), Morinda Properties Escala Lodges LC ("Morinda") (ASCU and Morinda are collectively referred to as the "Property Owners"), and Snyderville Basin Water Reclamation District ("SBWRD") to set forth the terms and conditions under which the SBWRD will permit the Property Owners to build, maintain, and use certain improvements located within a Wastewater System Easement ("Easement") recorded in the Summit County Recorder's Office as Entry 738764, in Book 1706, at Pages 362-365 and located adjacent to Escala Court and High Mountain Road, Park City Utah, across certain property more particularly described in the Easement ("Easement Property").

SBWRD and the Property Owners hereby agree, in consideration of the mutual promises and covenants of the parties, as follows:

1. This Encroachment Agreement shall be appurtenant to the following described property ("Property"): Summit County Parcel ID PP-754 and Escala Court, a private road, located within the Escala Lodges Condominium Plat, as recorded in the Summit County Recorder's Office June 17, 2005 as Entry Number 739708, and the Property is subject to all the terms and conditions contained in this Encroachment Agreement. A portion of the Property is owned by ASCU and a portion of the Property is owned by Morinda. ASCU has granted Morinda an easement to allow Morinda to construct certain improvements across a portion of ASCU's property.

2. Morinda's improvements permitted within the Easement Property shall consist of roadway paving with a snowmelt system and rock retaining walls ("Permitted Improvements"). No footings or other structures are allowed within the Easement Property without the prior written approval of SBWRD.

3. SBWRD may, at some future date, elect to make repairs and/or improvements to the wastewater system located within the Easement Property. To the extent that any of those wastewater system improvements require the removal, relocation, replacement, and/or destruction of the Permitted Improvements, the Property Owners waive any right to compensation for the loss of the Permitted Improvements. This waiver of compensation, in the event the Permitted Improvements are removed for any reason whatsoever in the sole determination of SBWRD is the consideration given for the granting of this Encroachment Agreement.

4. Prior to SBWRD completing any wastewater system repairs or improvements in a manner that will require damage to, or the removal or relocation of, the Permitted Improvements, SBWRD will endeavor to give the Property Owners twenty-four (24) hours prior notice. After receiving the notice, the owner whose improvements may be impacted may make adjustments

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Encroachment PAGE 1/4

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and remodel the Permitted Improvements, at its cost, to accommodate the SBWRD repairs or improvements. SBWRD will attempt to save as much of the Property Owners' improvements as possible, but in no way guarantees any salvage value whatsoever. The Property Owners specifically acknowledge that this Encroachment Agreement contemplates the possible loss of any use of the Permitted Improvements.

5. Costs for repairs that are required due to SBWRD operations to Permitted Improvements installed or owned by Morinda, specifically driveways, snow melt systems, and retaining walls, will be completed and paid for by Morinda. Costs for repairs that are required due to SBWRD operations to improvements installed or owned by ASCU, if any, will be completed and paid for by ASCU.

6. The property interest hereby created by this Encroachment Agreement is a revocable agreement, and not an easement or other perpetual interest. No interest shall be perfected under the doctrines of adverse possession, prescription, or other similar doctrines of law based on adverse use, as the use hereby permitted is entirely permissive in nature.

7. This Encroachment Agreement shall be in effect until it is revoked by the SBWRD. Revocation shall be affected by the SBWRD recording a notice of revocation with the Summit County Recorder and sending notice to the Property Owners.

8. Any and all notices required or permitted hereunder shall be given in writing and personally delivered, delivered by certified mail, return receipt requested, postage prepaid, or delivered by generally recognized overnight courier providing proof of delivery, addressed as follows:

To Grantee: Snyderville Basin Water Reclamation District
2800 Homestead Road
Park City, UT 84098

To ASCU: ASC Utah, Inc.
4000 The Canyons Resort Drive
Park City, UT 84098

To Morinda: Morinda properties Escala Lodges LC
222 E. 860 South
Orem, UT 84058

To HOA: Escala Lodges HOA
222 E. 860 South
Orem, UT 84058



DATED this 15th day of December, 2008

SNYDERVILLE BASIN WATER RECLAMATION DISTRICT

[Signature]
SBWRD District Engineer

ASC Utah, Inc.,
a Maine corporation

By: [Signature]

Its: Vice President

STATE OF UTAH

COUNTY OF SUMMIT

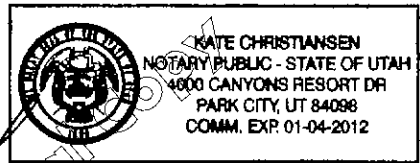
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On the 15 day of December, 2008, personally appeared before me Timothy Vetter who, being first duly sworn and upon oath, and in full recognition of the penalty for perjury in the State of Utah, did acknowledge to me that he is an authorized representative of ASC Utah, Inc., and that he signed the foregoing instrument on its behalf.

[Signature]
NOTARY PUBLIC
Residing at: Park City

My Commission Expires:

1/4/2012



[Signature]
Adam R. Lorenz (P.M.)
(Morinda Properties Escala Lodges LC)

STATE OF UTAH

COUNTY OF SUMMIT

On the 15 day of December, 2008, personally appeared before me Adam Loser who, being first duly sworn and upon oath, and in full recognition of the penalty for perjury in the State of Utah, did acknowledge to me that he is an authorized representative of Morinda Properties Escala Lodges LLC and that he signed the foregoing instrument on their behalf.

Kate Christensen
NOTARY PUBLIC
Residing at Park City

My Commission Expires:

1/4/2012

