

August 8, 1988

Mike & Lucy Murphy
4925 Silver Springs Road
Park City, Utah 84060

Lot 038

Dear Silver Springs Homeowner:

There is presently a dispute among a number of the Silver Springs Homeowners regarding the use of the Silver Springs waterways and a few parcels of land abutting some of the waterways. American Savings has acquired some of these parcels by foreclosure and has thus been brought into the dispute. It is my intention by this letter to clearly set forth the status of those waterways and parcels, their intended uses as I have been able to determine and American Savings' intended disposition of the parcels it owns. I am confident that a peaceable solution can be reached when all of the facts are known and are carefully considered.

Development of the Silver Springs community began formally during 1978 with the submission of a proposed masterplan to the Summit County Planning Commission by the then developer, Silver Springs Development, Vern Hardman and Paul Anderson. Phase I of the masterplan was approved in a Planning Commission meeting on May 30, 1978. The Planning Office is presently unable to positively identify or locate the original master plan, but it is known to have been amended on a number of occasions and two or three versions of the masterplan have been located.

American Savings became involved in the project in July of 1980 when it extended a loan to the developers. In 1983 two new developers, Insource, Inc. and Hazelwood, Inc., assumed the loan and development obligations. Though lots were sold and homes were built in the subdivided portions of the development, continued development ceased when Insource and Hazelwood defaulted on their loan obligations and filed bankruptcy. In November of 1986, with permission of the bankruptcy court, American foreclosed its loans and acquired title to the unsold lots and much of the undeveloped areas. We have continued to sell lots and are presently looking for a successor developer to purchase the undeveloped areas and finish the project.

The heart of the dispute which is the subject of this letter is a difference of opinion among a number of homeowners regarding the use of Silver Willow Lake, its inlet and outlet waterways and four parcels of undeveloped lakefront land. These are parcels H, I, K, and 8 as shown on the map attached to this letter as Exhibit "A". American's involvement in the dispute began in April of 1987 when I received telephone calls from Mr. Bill Ligety and Mr. Dale Boschetto. Mr. Ligety, who owns lot number 193 adjacent to Parcel K, offered to purchase Parcel K from American explaining that it was his understanding that the parcel had originally been intended to be used as a site for Silver Springs Water Company pumping equipment but the Water Company had decided to locate the equipment elsewhere. Mr. Boschetto had called on behalf of the Homeowners Association. He explained that Parcel H had been designated as the site for a Homeowners' park and asked when American could convey the parcel to the Association.

As a result of these telephone calls and my subsequent inquiries here at American, I was asked to assist in the disposition of these parcels. Members of the American Savings staff and I gathered all of the relevant documents in our files, inquired of numerous County, State and Federal agencies regarding the original intended uses of these parcels, interviewed many Silver Springs residents, Water Company officials, and former developers and devised what we decided was a fair and proper plan for conveying the parcels to the parties to whom the parcels were intended, or in the absence of identifiable intended uses, to the parties with the greatest and most immediate interests.

On October 15, 1987, I sent letters to The Silver Springs Water Company, The Homeowners Association in care of Dale Boschetto and to lot owners whose lots abut the subject parcels which set forth the results of our research and our intended disposition of the parcels. The following is a restatement of our findings:

WATERWAYS: Silver Willow Lake, its inlet and outlet streams and the surrounding riprap together with a 15-foot buffer strip outside the riprap are owned by the Silver Springs Water Company. Use of these by the Homeowners and others will be regulated by the Water Company.

PARCEL H: I have been able to locate three undated versions of the masterplan. The one which the Planning Commission believes to be the original depicts Parcel H as subdivided into single-family lots. Another shows four single-family lots at the west end of the Parcel and the east end dedicated for use as a park. The third shows the entire Parcel to be used as the location of a number of recreational facilities. Our decision was to convey the east one-half of the Parcel to the Homeowners and subdivide the other half.

PARCEL I: We were able to discover no official reason for the existence of this Parcel, however, from our interviews with the developer and present residents, it appears that Parcel I is the result of a lake excavation discrepancy. That is, the surveys of the adjacent lots were done before the lake was excavated and while the lot lines should touch the 15-foot buffer outside the riprap like at other lakefront areas, here there was left a strip of land between the eventual waterline and the lots. Our decision was to conform this area to other lakefront areas by conveying Parcel I to the adjacent lot owners.

PARCEL 8: Just as Parcel I is a discrepancy in the estimation of the location of the lakeline, Parcel 8 appears to be a discrepancy in the estimation of the location of the inlet stream. We believe it was intended, like at other lakefront areas, that the stream, the riprap and the buffer abut the adjacent parcel. Therefore, we decided to add Parcel 8 to the adjacent lot.

PARCEL K: In a check of the Silver Springs Water Company records and an interview with Mr. Lynn Stevens, its director, I was able to confirm Mr. Ligety's explanation that Parcel K was originally intended to be used as the site for pumping equipment. The location was changed and the pumping facility will now be built next to the inlet stream at the east margin of Parcel H. We then decided that inasmuch as the intended purpose had been abandoned and because the Parcel abuts Mr. Ligety's lot and thus its use most immediately impacts Mr. Ligety, we would sell the Parcel to him. Moreover, we reasoned that the conveyance of half of Parcel H to the Homeowners and the existence of the inlet and outlet stream buffers together with the west-side open area allow ample access to the lake to those who do not live on the lakefront.

My October 15, 1987 letter then invited comments regarding our investigation and decisions. I asked that comments be returned within 30 days of my letter. We wanted to give interested individuals the opportunity to present evidence that we had been unable to find that might help us determine the best uses for the parcels. In response, I received three letters opposing conveyance of Parcel K to Mr. Ligety, one recommending that Parcel 8 be added to the Parcel H and eight letters with approximately 15 signatures supporting our decisions. None opposed the conveyance of Parcel I to the adjacent owners. Mr. Boschetto offered in his letter to purchase Parcel K at a price based upon the conveyances of Parcel I to the adjacent owners.

After reviewing the letters and conducting some additional research, the decision was made to dispose of the parcels in the manner set forth in my October 15 letter. In April of this year, I sent a second letter to the same individuals as the first announcing that decision and then I proceeded to prepare and extend offers to Mr. Ligety and to the Homeowners in care of Mr. Boschetto. The response was an escalation of the dispute and threats of a lawsuit by the Homeowners to stop the sale to Mr.

Ligety. Allegations have been made that inadequate research has been done and that zoning laws would be violated if American was to sell Parcel K to Mr. Ligety.

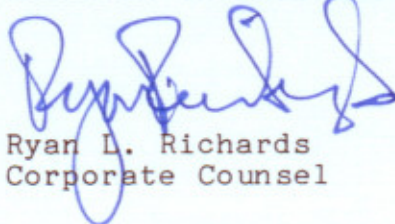
At that point, I made a formal request of the Summit County Planning Commission to opine as to American's legal rights with regard to the use of the parcels. Mr. Smith, Director of Planning, responded that the location of much of the current documentation of the project was not known, nor he suspected would it describe in the detail we needed exactly how the parcels I asked about should be used. Thus the Commission was not prepared to issue such an opinion but they would attempt to locate current plats and masterplans and would discuss the problem in one of their August meetings.

To avoid the incurrence of legal fees and in an attempt to calm the dispute, I revoked the offers to Mr. Ligety and to the Homeowners and indicated that American would wait for the Planning Commission's investigation results to take further action. That is still our position. When we have those results, we will reconsider our position. It may be advisable at that point for the Silver Springs Board of Trustees to call a special meeting of the Homeowners to consider the evidence and determine by vote the Homeowners position regarding legal intervention.

In the meantime, I am aware that a pathway has recently been cut across Parcel K to the lake. Until the final disposition of the parcels has been determined, American hereby grants temporary permission to Silver Springs Homeowners to use the east one half of Parcel H as an access way to the lake and directs that Parcel K not be further improved or modified nor Parcel I be used for gatherings without the consent of the adjacent lot owners which I have been assured will not be unreasonably denied.

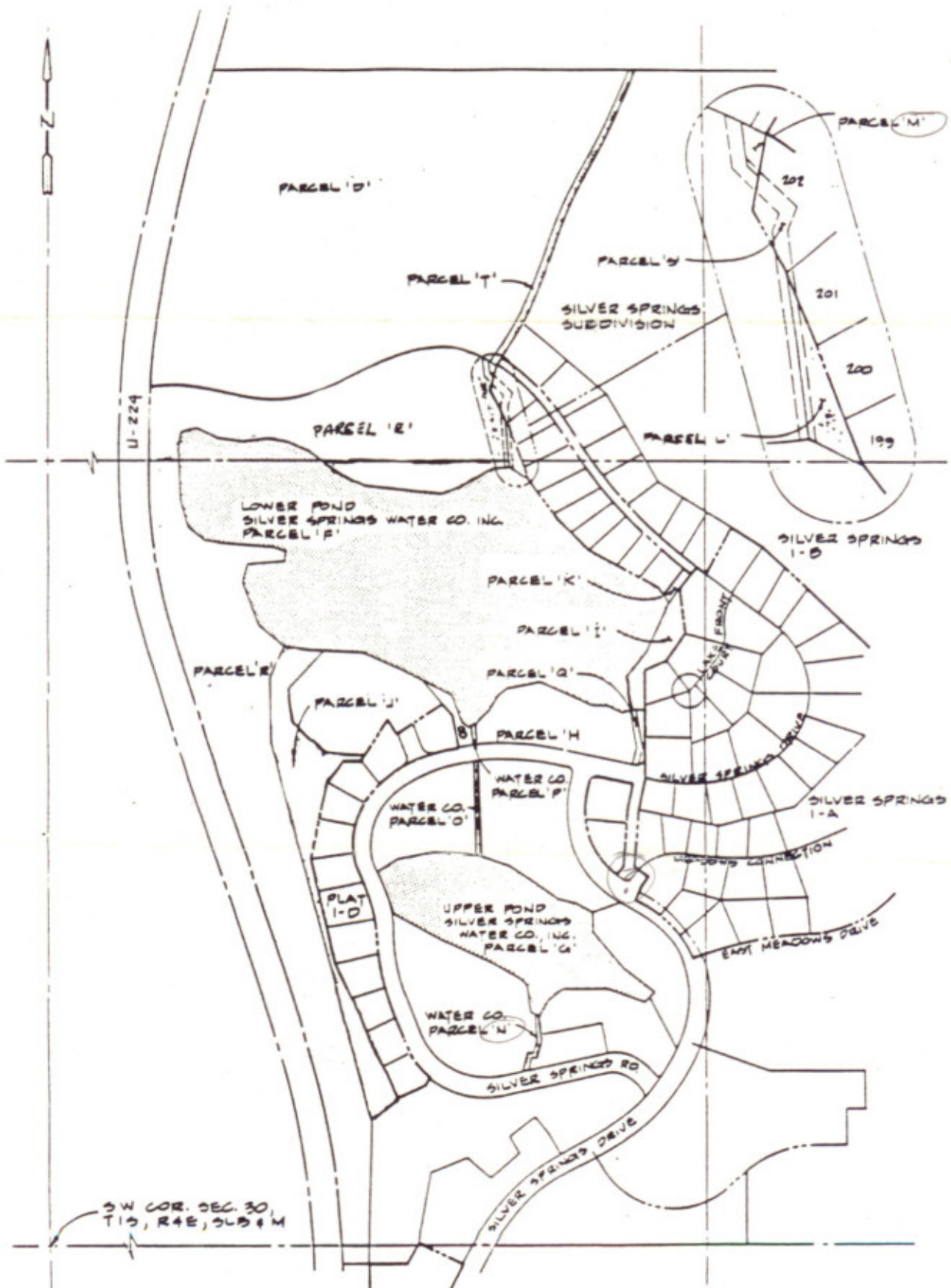
I understand that many conflicting representations were made by developers and real estate agents regarding how the lakefront could be used. Those on the lakefront purchased their lots believing they would have exclusive use of their lakefront areas and that those living away from the lake were told that they would have unfettered access to all lakefront areas. American does not propose to decide any issues but those involving the parcels it owns. But with regard to those parcels, I am confident that a solution can be found which will at once provide access to the lake without offending the expectations of the lakefront owners.

Very truly yours,
AMERICAN SAVINGS AND LOAN ASSOCIATION



Ryan L. Richards
Corporate Counsel

PARCEL EXHIBIT A
AMERICAN SAVINGS SILVER SPRINGS PROPERTY



Parcel M may already be in water Co. name - these are spring beds