REPLY MEMORANDUM

TO: Richard Widdows
Michael Barnes
Warren E. Spieker, Jr.

FROM: Silver Springs Homeowners Association

DATE: June 13, 1989

RE: PARK, COMMON AREAS AND MISCELLANEOUS ISSUES - SILVER SPRINGS SUBDIVISION

This memorandum comprises the response of the single-family homeowners association to the developer proposal of June 1, 1989. The response incorporates the resolutions approved by the association at a special homeowners meeting held June 7, and called for the specific purpose of addressing the latest developer proposal. Each of the numbered paragraphs of the memorandum were discussed and voted upon, along with sub-issues presented by each topic which were of concern to the homeowners. The board of trustees, having been specifically authorized by the association in these regards, herewith submits the following response to the June 1 letter of intent as follows:

1. The desired designation for park, common recreational and open area is depicted on the attached exhibit. This map is for reference purposes only and should eventually be supplemented by a map containing specific points of reference and legal descriptions of the parcels involved.

2. PARK PARCEL. A deed to the "Park Parcel," identified as Parcel 1-H and including the area from stream to stream of approximately 2.1 acres, is to be placed in escrow at or before time of closing of developer's purchase from American Savings and Loan. The escrow holding will insure the stated intentions of the developer as to this specific recreational area, which the Summit County Planning Commission has repeatedly affirmed must be transferred to the Silver Springs homeowners. The escrow holding will be for a period of three (3) months, to allow time for the formation of a master homeowners association for the entire subdivision. Conveyance by special warranty deed is acceptable, unless the conveyance from the bank is by general warranty deed, in which transfer must be by the latter. For the present time, the grantees named in the deed will be the respective homeowner associations in the subdivision, as joint tenants with "right of survivorship," as it were.

Aug 31, 1989

If, at the expiration of three (3) months, a master association suitable to hold title has not been formed, for any reason, whether as a result of developer failure to produce necessary documentation or failure of the various associations to come to agreement on the content, then the deed will be delivered for recording in the names of all the associations. If the master association has been formed, a deed to that entity will replace the deed held in escrow, also to be recorded at the expiration of three (3) months. As per the developer proposal, the park will be free and clear of financial encumbrances; however, and as with all properties to be acquired, title insurance will be required, the cost of which will be paid one-half by developer and one-half by the associations.

3. TENNIS COURTS. As the homeowners were informed at the special meeting that fee simple acquisition of the tennis courts was imminent, it was resolved to accept ownership and not a lease to this parcel. If our information was incorrect and another means for the homeowners to use this facility, such as a lease, is the only feasible alternative, this particular issue may be negotiated. The subdivision owners will be responsible for property taxes, maintenance fees and reasonable liability insurance coverage. The contingent nature of the acquisition of the tennis courts, as well as the $5,000 purchase price ceiling proposed by the developer, is rejected by the association.

As with the Park Parcel, a deed in the name of the individual associations will be placed into escrow at or before closing, to be delivered for recording within ninety (90) days of that closing date. In the event that neither ownership nor lease of the tennis courts can be obtained, developer will provide equivalent acreage of comparable land, suitable for recreational development, in a location chosen by developer, but subject to the approval of the association.

4. ADDITIONAL COMMON AREA. Following discussion of the additional common areas proposed by developer and that desired by the association, the following resolutions were passed:

(a) Northerly Access. The homeowners voted that provision should be made by developer for an access point along the northern shore of the large pond, an access way of at least fifteen (15) feet in width leading from the nearest interior roadway to the lake shore; the preferred route would be over the westerly outlet stream, which would comport with the necessary easement which the water company must have in that location. Ownership of this access way by the homeowners is not required, but any easement granted must be recordable and must allow for landscaping features which would designate the area as an access way, e.g., pathway markers, etc.

(b) Northern Berm Area. The homeowners rejected the proposed acquisition by them of the northerly portion of the berm area adjacent to Highway 224 which begins at the northwest tip of

the large pond and continues north along Parcel 1-G (that identified as property to be acquired from American Savings), but voted to accept the same if and when the Parcel 1-G homeowners (or developer) become members of the existing Silver Springs Single-Family Homeowners Association.

(c) Southern Berm Area. Acquisition by the homeowners of the berm area which runs in a southerly direction from the northwestern tip of the large pond to the commercial parcel near the main access to the subdivision is accepted, with no contingencies, under the same ninety (90) day escrow holding as with the park and tennis courts. Provided, however, that a walkway access to this berm area be provided, somewhere along Parcel 1-D, preferably in the vicinity of where that parcel abuts Parcel 1-F as depicted in the exhibit. In the event that the southerly berm area cannot be acquired, developer will provide park/recreational area with acreage equal to four (4) acres minus the combined acreage of the 1-H Park Parcel and the tennis courts. The site or sites of such recreational area shall be in accordance with the agreement of the developer and the associations, title thereto to be placed in escrow as provided in the case of other common areas above described.

5. With reference to paragraph 5 of the proposal, provision for additional berming at the expense of the developer appears to be another of the contingencies found throughout the letter of intent. Although there was no resolution requiring such performance by the developer, it should be stated whether or not this amenity will be provided.

6. With respect to developer responsibility for formation of the master homeowners association, the parameters of that organization, its authority and enforcement power should be more specifically addressed and understood. Again, the inability or failure of the parties to form such association shall not impede the transfer of the common area to the homeowners; hence, the condition of escrow that the deed be delivered for recording at the end of 90 days regardless of the status of the master association.

7. COMMON AREA COSTS.

(a) The provisions for cost share distribution as outlined in subparagraph (a) of the developer proposal are acceptable as far as stated. To be added, however, is the provision that the 93 proposed lots in Parcel 1-G be considered "developed" lots, and thus liable for assessments, upon execution of agreement between developer and homeowners, or, upon recordation of Parcel 1-G plat, whichever occurs first.

(b) The provisions for cost sharing as applicable to the "interior parcel" on a "pay-as-you-go" basis is acceptable as far as stated. However, provision must be made to effectively bind successors in interest or purchasers of units therein to payment of

common area cost assessments; this may be in the form of a deed or plat restriction.

8. ARCHITECTURAL GUIDELINES. It was resolved by unanimous vote that at least the architectural guidelines of the declaration for Parcel 1-G be specifically in accord with the architectural guidelines now in effect for the existing single-family homes in the subdivision. Further, that the declaration itself preserve and continue that degree of control, restriction as to lot size, property use and activity, and the statement of purpose and intent which is found within the existing declaration for the Silver Springs Homeowners Association.

9. With reference to paragraph 8 of the proposal concerning release of claims against American Savings and developer, the single-family association will do so, in return for agreement by the developer to comply and perform in accordance with the foregoing provisions stated in this reply memorandum.

In conclusion, the foregoing represents the duly resolved position of the single-family homeowners association with respect to the representations contained in the developer's letter of intent of June 1, 1989. A discussion of these issues at the special meeting of July 7 was a vigorous and concerned endeavor; the resolutions adopted during the course of this four-hour meeting were well considered and expressed the will of the single-family homeowners as best as can be ascertained. We are informed that the closing of the developer purchase transaction with American Savings will occur on Thursday, June 8. Obviously, a number of the foregoing matters must be addressed before that time, and the representatives of the board of trustees of the association, having been given a vote of confidence by the membership to accomplish these objectives, are anxious to meet with the developer and the other associations in order to resolve this matter and to finalize the agreement at the earliest convenient time. Your signature below will conclude the statement of intent phase of our negotiations.

DEVELOPER

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Richard Widdows

_____
Michael Barnes

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Warren E. Spieker, Jr.

SILVER SPRINGS HOMEOWNERS ASSOCIATION

By: _____

Its: _____