

FORM OF ENVIRONMENTAL ESCROW AGREEMENT

THIS ENVIRONMENTAL ESCROW AGREEMENT (the “Agreement”) is made this ____ day of December, 2025, by and among Silver Reef Investment Holdings, Inc. (the “Owner”), The Cove at Silver Reef Community Association (“CSRCA”), and the Town of Leeds (“Leeds”).

RECITALS

A. The Owner owns the land in Leeds, Utah, known as the Cove at Silver Reef subdivision (the “Property”).

B. Approximately 90 acres of the Property had old mining waste rock and has been cleaned up under the Utah Department of Environmental Quality’s (“DEQ”) Voluntary Cleanup Program (“VCP”).

C. The VCP requires certain parts of the Property to have ongoing care and maintenance (“Ongoing Maintenance Activities”), as detailed in the Site Management Plan, approved by the DEQ in March 2022 (“SMP”).

D. The Ongoing Maintenance Activities are legally required by the Environmental Covenant (recorded July 12, 2021) and the Declarations of Covenants, Conditions and Restrictions (“CC&Rs”).

E. The Town, Owner, and CSRCA agree that this Escrow Account is set up only to guarantee that the Owner and CSRCA will pay for the maintenance. All parties agree that Leeds has no legal responsibility to pay for the maintenance.

In consideration of the above recitals, which are incorporated herein, the Parties agree to the following terms:

1. **TERM:** The Parties agree that escrow account, described below, will be maintained by the Owner for a period of 12 years. At the expiration of the 12-year period, all remaining Escrow Funds will be returned to the Owner.

2. **ESTABLISHMENT OF THE ESCROW ACCOUNT:**

a. **ACCOUNT CREATION:** Upon execution of the Master Development Agreement for the Cove at Silver Reef, the Owner agrees to create an escrow account and deposit the Escrow Funds and Environmental Review Funds described below.

b. **ESCROW FUNDS:** The Owner will deposit \$100,000 (One Hundred Thousand Dollars) with the Escrow Agent. These funds are called the “Escrow Funds.”

- 1) **Release of Escrow Funds:** The parties agree that the Escrow Funds are to be used and released by the Escrow Agent only if the CSRCA or the Owner fails to perform the required Ongoing Maintenance Activities.
- 2) **Release to CSRCA:** the Escrow Agent will be instructed to release the Escrow Funds to CSRCA if they meet ALL of the following requirements:
 - i. They are facing financial hardship and cannot afford the maintenance; and,
 - ii. They provide bank statements showing lack of funds; and,
 - iii. They provide a cost estimate from a licensed contractor for the work to be completed; and,
 - iv. They show proof they tried and failed to collect required assessments from members; and,
 - v. They provide a letter from DEQ stating the maintenance is required as part of the Ongoing Maintenance Activities but has not been completed.
- 3) **Release to Leeds:** The Escrow Agent will be instructed to release the Escrow Funds to Leeds if Leeds provides evidence that they meet ALL of the following:
 - i. The Mayor of Leeds provides a letter from DEQ stating the maintenance is required but has not been done by the CSRCA; and,
 - ii. The Town provides a cost estimate for the work from a licensed contractor hired by Leeds; and,
 - iii. They show proof that Leeds demanded the CSRCA perform the maintenance, and the CSRCA refused.
- 4) **Release to Owner:** The Escrow Agent shall release all remaining Escrow Funds back to the Owner upon receipt of a written demand from the Owner, along with evidence that the Town of Leeds has failed to approve and record the final plats and phases of the development in the normal course of processing, as specified by the Master Development Agreement. Upon release to the Owner under this paragraph, the Agreement will be terminated due to Leeds default under the Master Development Agreement.

c. **ENVIRONMENTAL REVIEW FUNDS:** The Owner will deposit an additional \$10,000 (Ten Thousand Dollars) with the Escrow Agent. These funds are called the “Environmental Review Funds.” Leeds will use these funds to hire an environmental professional to review annual reports required under the VCP and/or attend annual inspections at the Cove at Silver Reef. The Owner agrees to replenish the Environmental Review Funds on an annual basis for the entire Term of this Agreement.

- 1) Release of Environmental Review Funds.** These funds will be released to the Town upon presentation of an invoice to the Escrow Agent from the environmental professional hired by the Town to review the annual reports submitted to DEQ and/or attend annual inspections.
- 2) Reporting.** The Town must also send the Owner a copy of the invoice presented to the Escrow Agent so the Owner has notice that the Environmental Review Funds have been distributed and the amount required to replenish the same.
- 3) Release to Owner:** The Escrow Agent shall release the Environmental Review Funds to the Owner upon receipt of a written demand from the Owner, along with evidence that the Town of Leeds has failed to approve and record the final plats and phases of the development in the normal course of processing, as specified by the Master Development Agreement. Upon release to the Owner under this paragraph, the Agreement will be terminated due to Leeds default under the Master Development Agreement.

3. **ESCROW AGENT.** The Parties acknowledge that upon selection of the Escrow Agent, additional information may be required by the Escrow Agent to create the Escrow Account. The Parties agree to work together to provide the Escrow Agent with all documentation required to establish the Escrow Account. The parties also agree that the Owner and CSRCA shall pay all fees and expenses charged by the Escrow Agent in connection with establishing the Escrow Account and for continuing administration of the Escrow Funds.

4. **NOTICES:** All notices and other communications hereunder shall be in writing and shall be deemed duly given to Owner, CSRCA, Town of Leeds, and Escrow Agent, respectively, at the following addresses:

Owner:

Silver Reef Investment Holdings, Inc.
Attention: Gary Crocker
2825 E Cottonwood Parkway
Suite 330
Salt Lake City, UT 84121

Town of Leeds:

Attention: Mayor
218 N. Main Street
P.O. Box 460879
Leeds, UT 84746

CSRCA:

Attention: Gary Crocker
2825 E Cottonwood Parkway

Suite 330
Salt Lake City, UT 84121

5. MISCELLANEOUS

- a. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall be binding upon the parties, their respective heirs, personal representatives, successors and assigns. This Agreement may be modified or amended only by the written consent of each of the parties.
- b. **Attorney's Fees.** In the event that any party hereto is required to retain the services of any attorney to enforce or otherwise litigate or defend any matter or claim arising out of or in connection with this Agreement, then the prevailing party shall be entitled to its reasonable legal fees from the non-prevailing party. Furthermore, in the event any party to this Agreement objects to the disposition of the Escrow Funds and subsequent thereto a court of competent jurisdiction finally determines that such party wrongfully objected to such disposition, then the objecting party shall pay the reasonable attorneys' fees of the Escrow Agent and remaining parties.
- c. **Headings.** The section headings of this Agreement are for reference only and shall not be used to construe or interpret this Agreement.
- d. **Choice of Law:** This Agreement shall be governed by the laws of the State of Utah without regard to principles of conflicts of law. Time shall be of the essence with respect to each and every provision of this Agreement. The parties acknowledge that they have had the opportunity to be represented by counsel in the negotiation and execution of this Agreement, and therefore, it is expressly agreed that in the case of any vagueness or ambiguity with regard to any provision of this Agreement, there shall be no presumption of construction against the drafter of such provision, but instead this Agreement shall be interpreted in accordance with a fair construction of the law.
- e. **In Addition To:** The obligations of the parties under this Agreement shall be in addition to, and not in lieu of, the obligations of the parties under the Master Development Agreement.

Signatures:

TOWN OF LEEDS

By: _____

***Draft for Town of Leeds 11/5/2025**

Its: _____

SILVER REEF INVESTMENT HOLDINGS, INC

By: _____

Its: _____

THE COVE AT SILVER REEF COMMUNITY ASSOCIATION

By: _____

Its: _____