



CONSTRUCTION ESCROW INSTRUCTIONS

ESCROW #: _____

GUARDIAN CONTRACT SERVICES, INC.

P.O. Box 2316
Lake Oswego, OR 97035

(503) 684 - 6556

("ESCROW")

("CONTRACTOR")

Phone: _____

("PURCHASER")

Phone: _____

RECITALS:

1. Contractor and Purchaser entered into that certain building contract and/or earnest money agreement dated _____ (the "Agreement").
2. The Real Property described in the Agreement is (the "Property"): _____

3. Contractor and Purchaser desire to deposit with Escrow the funds necessary to construct, remodel, or repair the Structure on the Property and to provide for the orderly disbursement of the funds during the course of construction to pay for all permits, material, labor, supplies, and any other miscellaneous items used or necessary for the construction, remodel, or repair of the Structure.
4. Escrow is prepared to accept such funds and disburse such funds in accordance with these instructions.

INSTRUCTIONS: Contractor and Purchaser instruct and agree with Escrow as follows:

1. **Deposit of Funds.** Prior to commencement of construction, remodel, or repair of the Structure, Purchaser shall deposit with Escrow the sum of \$ _____ (the "Funds"). Purchaser may make additional deposits from time to time. The Funds are to be disbursed only upon the written instructions of Contractor and Purchaser.
2. **Interest - Bearing Account.** The funds shall be deposited into an interest - bearing account as provided in paragraph 2.1.1
 - 2.1 Escrow shall:
 - 2.1.1 Deposit the Funds into an interest - bearing trust account (the "Escrow Account") at _____ using taxpayer identification number (TIN) _____
 - 2.1.2 The Escrow Account shall be in the name of Escrow as trustee for _____
 - 2.1.3 Interest will accrue until the Escrow Account is closed and will accrue to the benefit of _____
 - 2.1.4 At the time the Escrow Account is closed, Escrow shall distribute the interest to the party to the Escrow Agreement whose TIN is used under paragraph 2.1.1.
 - 2.1.5 The passbook shall be held by Escrow until the Escrow Account is closed.
 - 2.1.6 Escrow shall have no responsibility for the safekeeping of the funds. It being understood that the funds on deposit shall only have the protection of insurance usual to Federal Deposit Insurance Corporation.
3. **Draw Request.** Draw request forms provided by Escrow are hereby designated a part of these instructions as Exhibit "A". Such Draw Request shall be used each time that any part of the Funds are to be disbursed by Escrow.
 - 3.1 **Draw Request Terms.** Contractor shall submit to Escrow, in addition to the Draw Request Form duly signed by Purchaser, the following item:
 - a. Copies or original invoices covering each item of cost for which payment is requested.

3.2 Escrow shall prepare trust checks payable to the listed payees for the amounts specified.

3.3 Subject to availability of collected funds, Escrow shall mail the trust checks to each payee by the next business day.

4. Final Disbursement. Upon completion of the Structure, Contractor and Purchaser shall submit to Escrow a final Draw Request. The Final Draw Request shall be in the same form as the usual Draw Request and shall be delivered to Escrow as stated in Paragraph 3. In addition, the Final Draw Request shall terminate this escrow. Upon termination, Escrow shall prepare a final disbursement summary for both the Purchaser and the Contractor. Such final disbursement summary shall specify all sums disbursed during the existence of this escrow. In addition, copies of all the items specified in 3.1 and 3.1a shall given to the Purchaser.

4.1 After submission of the Final Draw Request, if there are any funds left remaining in the interest bearing account, exclusive of interest, such funds shall be disbursed to _____. All interest shall be paid to the party specified in paragraph 2.1.4. Such final disbursement shall be shown on the final disbursement Summary.

4.2 Escrow shall have no liability to the parties or responsibility to them to determine the date of manner of completion of the construction, remodeling, or repair. .

5. Plans and Specifications. Escrow shall have absolutely no duty to Contractor, Purchaser, or others, to determine if the Structure is built in accordance with the plans and specifications of the Agreement. Escrow's sole duty is to disburse the Funds as provided in these instructions.

6. Codes and Regulations. Escrow shall have absolutely no duty to Contractor, Purchaser, or others, to determine if the Structure is built in accordance with the building codes or zoning or in a good and workmanlike manner. Escrow's sole duty is to disburse the Funds as provided in these instructions.

7. Insurance. Any insurance required by the parties during the course of construction of the Structure shall be the parties' responsibility. Escrow shall not procure any insurance nor shall it be responsible for the payment of any insurance premiums.

8. Liens and Encumbrances. It shall be the responsibility of the parties to resolve any matters pertaining to the filing, or threatened filing, of any lien or encumbrance, including without limitation, any construction lien. Escrow shall not undertake to resolve any claim or dispute concerning such liens or encumbrances.

9. Notice. Any notice or demand which will be required or permitted by law or by any provision of this Agreement shall be in writing, and such notice shall be personally served or deposited in the United States mail, postage prepaid, addressed to each of the parties at the address specified in part A of these instructions. Such address may be changed in the same manner as provided in this paragraph. All notices shall be deemed given and received upon personal delivery or two days after deposit in the mail as stated in this paragraph.

10. Governing Law. If the validity, construction or enforcement of these Instructions shall be governed by the laws of the state of Oregon and the courts of the state of Oregon will be exclusive forum for litigation with respect to this Agreement.

11. Captions. Captions of the sections of this Agreement are for convenience only and shall not be used to interpret this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identification of the person or persons require.

12. Interpretation. This Agreement has been reviewed fully by Contractor and Purchaser and such legal counsel as each party has desired. This Agreement shall not be construed against Escrow for reason of having been prepared by Escrow.

13. No Joint Venture. The relationship of the parties and Escrow are strictly that of escrow agent and its principals. No partnership, joint venture or any other relationship has been created nor is intended to be created hereby. In no event shall Escrow be liable for the debts or obligations of either of the parties.

14. No Third Party's Benefited. There are no third party beneficiaries of these Instructions. These Instructions are solely for the benefit of Escrow, Contractor and Purchaser. No third party shall have any claim with respect to the Funds, disbursed or undisbursed, nor shall Escrow have any duty, under a trust theory or other theory, to any party by reason of acting as escrow agent.

15. Conflicting Demands. Should Escrow before or after close of escrow receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of any of the parties thereto, or with respect to any money or property deposited herein or affected hereby, Escrow shall have the right to discontinue any or all further acts on Escrow's part until such conflict is resolved to Escrow's satisfaction, and Escrow shall have the right to commence or defend any action or proceedings for the determination of such conflict, and, in any of the above described events, the parties hereto jointly and severally agree to pay all costs, damages, judgements, and expenses including reasonable attorney fees, suffered or incurred by Escrow in connection therewith, including, but without limiting the generality of the foregoing, a suit in interpleader brought by Escrow.

16. Effective Date. Regardless of the dates that the Parties execute these instructions, these instructions shall only become effective on the date that the funds are deposited into this Escrow. If the funds are not deposited by _____,

19_____, these instructions shall be deemed cancelled by Escrow, without any further act of the Parties, and Escrow may refuse to accept the funds in its sole discretion after such date.

17. STATUTORY ESCROW NOTICE: It is understood by the Parties signing these instructions or those instructions which are attached hereto that such instructions constitute the whole agreement between the firm as an Escrow agent and you as a Principal to the Escrow transaction. These instructions may not include all the terms of the agreement which is the subject of this Escrow. Read these instructions carefully, and do not sign them unless they are acceptable to you.

CONTRACTOR:

PURCHASER:

DATED: _____

DATED: _____

GUARDIAN CONTRACT SERVICES, INC.

BY: _____

DATED: _____