

Escrow Agreement For Postponed Septic Improvements Form

This agreement made this _____ day of _____, 20____, by and between _____ ("Lender") _____, ("Buyer") and _____ ("Seller").

Witnesseth:

For the purpose of allowing a certain real estate loan closing to occur, prior to completion of the required septic improvements, regarding property located at _____ (property address), the undersigned agree to the conditions listed below. It is understood and agreed that the escrowing of funds hereunder is being made solely and exclusively for the benefit of Lender and for the protection of its security interest in the above described property.

1. The following Septic repair requirements remain to be completed by the seller:
 - A.
 - B.
 - C.
 - D.
2. The Seller agrees to complete the above items to the Lender's satisfaction no later than _____, 20____. If the work is not completed by this date, the Lender may, at its sole option, employ any third party satisfactory to the Lender for the purpose of completing any of the above items not finished by the date provided for above. In order to secure the Seller's performance and completion of the above items in a satisfactory manner, Lender shall hold in escrow _____ times the appraiser's estimated cost of completion, or \$_____ of the mortgage proceeds for this purpose in a non-interest bearing account. The Lender may withdraw all or any part of the escrow amount to be paid to any third party employed by the Lender in accordance with the terms of this paragraph; or the Lender may authorize the title company to do the same.
3. Upon completion of work, Seller agrees to notify Lender immediately. At such time, Lender should order the final inspection from the local Board of Health to approve that the work to has been completed. The Lender will require satisfactory evidence (mechanic's lien waiver) from the Seller to assure that no mechanic's or materialmen's liens are outstanding or can attach on account of such work. Upon Lender's determination that the work has been so completed, Lender will release the escrow funds to Seller.
4. If Lender determines that the work has not been completed by Seller as described herein, Lender is authorized (but shall not be obligated) to cause the work to be completed to its satisfaction and to disburse (a) all or a portion of the escrow funds to Lender or its designee(s) for the payment of any costs incurred by Lender in completing the work and (b) the remaining balance of escrow funds to Seller. If Lender shall elect not to cause the work to be completed, Lender shall disburse escrow funds to Seller in an amount equal to the value (as determined by Lender) of any portion of the work completed by Seller to Lender's satisfaction, and to disburse the balance of the escrow funds either, at lender's election, (i) to Buyer for such purposes, if any, as Lender may determine or (ii) to Lender for application to the outstanding principal balance of its loan to Buyer.
5. The Seller agrees to be personally liable to the Lender for the satisfactory completion of the work free and clear of any mechanic's liens.
6. Any and all determinations, elections and decisions made in good faith by the Lender pursuant hereto shall be final, conclusive and binding upon all of the parties hereto.

7. The Lender shall have a prior lien on the funds deposited herewith for any costs, including inspections fees, court costs and reasonable attorneys fees, which may be incurred by it during the course of its administration of this agreement or as a consequence of its becoming a party to any legal or equitable proceeding which is brought by any third party claiming an interest in the escrow funds or by any party which disputes the manner of the disposition of said funds.
8. The Seller and the Buyer agree to Hold the Lender harmless from any liability for the performance of the Lender's duties as escrow agent, the Lender's decision with respect to any release of escrow funds, and the employment of any third party.

Date _____

(Seller)

Date _____

(Seller)

Date _____

(Buyer)

Date _____

(Buyer)

Date _____

(Lender)

By: _____

Title: _____