ESCROW AGREEMENT

THIS AGREEMENT made this ____ day of _____________, 2000, by and between **JOYCE & DON, LLC,** a Michigan limited liability company, whose address is 192 Van Bruggen Street, Galesburg, Michigan 49053 (the "Developer") and **TITLE BOND & MORTGAGE COMPANY,** principal offices at 125 Exchange Place, Kalamazoo, Michigan 49007 (the "Escrow Agent").

WITNESSETH:

WHEREAS, the Developer is engaged in the development of a proposed condominium project known as **Hunter's Creek** in Comstock Township, Michigan (the "Project"); and

WHEREAS, Developer intends to enter into Purchase Agreements with various Purchasers respecting the proposed purchase of condominium Units therein (the "Units"); and

WHEREAS, the said Purchase Agreements require that all deposits made thereunder by Purchasers shall be held in escrow for the period specified herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed as follows:

1. Payment by Purchasers. Upon the execution of a Purchase Agreement respecting the purchase of a Unit in the Project, the Purchaser shall pay a down payment toward the purchase thereof for each such Unit. Said payment shall be made to Escrow Agent or, if made to Developer, shall be deposited forthwith by Developer in the escrow account maintained by said Escrow Agent. At the time of closing on the purchase of said Unit, the unpaid balance of the purchase price may also be paid to Escrow Agent at the option of Developer or if so required by the terms and provisions of any release agreement between the Developer and the mortgagee of any mortgage which may be placed against the property. Failure to make any of the payments required hereunder shall constitute default on the part of a Purchaser.

2. Investment of Escrow Funds. All monies delivered to Escrow Agent hereunder shall be held by it in such manner as is customary for the deposit of escrow funds. At its option, Escrow Agent may invest said monies and interest in savings accounts, time certificates or in such other manner as may be mutually agreed upon, but neither Developer nor Escrow Agent shall be under any obligation to earn interest upon the escrowed funds held pursuant hereto. In the event that interest upon such sums is earned, such interest shall be separately accounted for by Escrow Agent and shall be paid to Developer upon the termination of this Escrow Agreement; provided, however, that if this Agreement terminates pursuant to subparagraphs (B) through (F) of paragraph 3, then such interest, if any, shall be paid to the Purchaser. If interest is paid on the amounts escrowed under this Agreement, that interest shall be released in the same manner as provided for release of funds herein.

3. Release of Escrow Funds. No part of the escrowed funds received by Escrow Agent under the terms of this Agreement or any interest earned on said funds shall be released to either Developer or to any Purchaser except upon the conditions hereinafter set forth:

A. Amounts required to be retained in escrow in connection with the purchase of a Unit shall be released to Developer upon all of the following:

(1) Conveyance of legal or equitable title to the Unit to the purchaser by deed or land contract.

(2) Receipt by the Escrow Agent of a Certificate signed by a licensed professional engineer or architect either confirming that those portions of the phase of the project in which the condominium Unit is located and which on the condominium subdivision plan are labeled "Must be Built" are substantially complete, or determining the amount necessary for substantial completion thereof. The Certificate shall state that all utility mains and leads, all major structural components of buildings, all building exteriors and all sidewalks, driveways, landscaping and access roads, to the extent such items are designated on the condominium subdivision plan as "Must be Built", are substantially complete in accordance with the pertinent plans therefor. The Certificate shall state that the improvements can be reasonably employed for its intended use and, for purposes of certification under this Agreement, shall not be required to be constructed, installed, or furnished precisely in accordance with the specifications for the project. A Certificate of Substantial Completion shall not be deemed to be a certification as to the quality of the items to which it relates.

(3) Receipt by the Escrow Agent of a certificate signed by a licensed professional engineer or architect either confirming that recreational or other facilities which on the condominium subdivision plan are labeled "Must be Built", whether located within or outside of the phase of the project in which the condominium Unit is located, and which are intended for common use, are substantially complete, or determining the amount necessary for substantial completion thereof. The Certificate shall state that the improvements can be reasonably employed for its intended use and, for purposes of certification under this Agreement, shall not be required to be constructed, installed, or furnished precisely in accordance with the specifications for the project. A Certificate of Substantial Completion shall not be deemed to be a certification as to the quality of the items to which it relates.

If the estimated cost of substantial completion of any of the items referred to in paragraphs (2) and (3) above cannot be determined by a licensed professional engineer or architect due to the absence of plans, specifications, or other details that are sufficiently complete to enable such a determination to be made, such cost shall be the minimum expenditure specified in the recorded Master Deed or amendment for completion thereof. To the extent that any item referred to in paragraphs (2) and (3) above is specifically depicted on the condominium subdivision plan, an estimate of the cost of substantial completion prepared by a licensed professional engineer or architect shall be required in place of the minimum expenditure specified in the recorded Master Deed or amendment.

B. In the event that a Purchaser withdraws from the Purchase Agreement prior to the time the Purchase Agreement becomes a binding Purchase Agreement as therein provided, all sums paid to Escrow Agent by said Purchaser shall be returned to him within three (3) business days after withdrawal, provided Purchaser or Developer has timely notified Escrow Agent of the withdrawal.

C. In the event that Developer or any proposed mortgagee determines that a Purchaser does not meet credit requirements for the participation in the Project, or the Purchaser fails to obtain a conventional or other mortgage as provided by the Purchase Agreement, if any, Developer shall so notify Escrow Agent in writing and all sums paid to Escrow Agent by said Purchaser shall be returned to him within three (3) business days.

D. In the event any individual Purchaser shall die prior to the acquisition of title to his Unit, and no decision to re-affirm shall have been made by his legal representative, Escrow Agent shall, upon notification by Developer, release all sums paid to it by said Purchaser to his legal representative or estate.

E. In the event any Purchaser defaults in his obligations prior to the time the Purchase Agreement becomes a binding Purchase Agreement, and Developer terminates said Purchaser's rights under the Purchase Agreement and so notifies Escrow Agent in writing, all sums paid to Escrow Agent by said Purchaser shall be returned to him.

F. In the event that, subsequent to the time that the said Purchase Agreement becomes a binding Purchase Agreement, any Purchaser shall default in making any payments required by this Agreement or in performing any of the obligations contained in the Purchase Agreement for a period of ten (10) days after written notice sent by Developer to said Purchaser, Escrow Agent shall, upon demand from Developer, release to Developer all sums paid to it by said Purchaser not exceeding ten (10%) percent of the purchase price as set forth in said Purchase Agreement, and the Escrow Agent shall release to said Purchaser the balance of all sums paid to it by said Purchaser.

G. In the event that Developer shall deposit with Escrow Agent adequate security including without limitation an irrevocable letter of credit, lending commitment, indemnification agreement or other resource having a value, in the judgment of the Escrow Agent, of not less than the amount required to be retained, Escrow Agent shall release to Developer all sums on deposit with it which are included within the terms of any such approval.

H. Upon receipt of a certificate of a licensed professional engineer or architect determining the amounts necessary for substantial completion, the Escrow Agent may release to the Developer all funds in escrow in excess of the amounts determined by the issuer of such certificate to be necessary for substantial completion. In addition, upon receipt by the Escrow Agent of a certificate signed by a licensed professional engineer or architect confirming substantial completion in accordance with the pertinent plans of an item for which funds have been deposited in escrow, the Escrow Agent shall release to the Developer the amount of such funds specified by the issuer on the certificate as being attributable to such substantially completed item. However, if the amounts remaining in escrow after such partial release would be insufficient in the opinion of the issuer of such certificate for substantial completion of any remaining incomplete items for which funds have been deposited in escrow, only the amount in escrow in excess of such estimated cost to substantially complete shall be released by the Escrow Agent to the Developer. Notwithstanding a release of escrowed funds that is authorized or required by this section, an Escrow Agent may refuse to release funds from an escrow account if the Escrow Agent determines that there is sufficient cause to believe the certificate confirming substantial completion or determining the amount necessary for substantial completion is fraudulent or without factual basis.

I. Not earlier than nine (9) months after closing the sale of the first Unit in a phase of the condominium project for which funds have been retained under this Agreement or for which security has been provided, Escrow Agent, upon request of the Condominium Association or any interested co-owner, shall notify Developer of the amount of funds deposited or security provided for such purpose that remains, and of the date determined under this paragraph upon which those funds can be released. In the case of a recreational facility or other facility intended for general common use, not earlier than nine (9) months after the date on which the facility was promised in the condominium documents to be completed by the Developer, Escrow Agent, upon the request of the Association or any interested co-owner, shall notify the Developer of the funds deposited or security provided for such purpose that remains, and of the date determined upon which those funds can be released. Three months after receipt of a request pertaining to funds, funds that have not yet been released to Developer may be released by the Escrow Agent for the purpose of completing incomplete improvements for which the funds were originally retained or for a purpose specified in a written agreement between the Association and the Developer entered into after the transitional control date. The Agreement may specify that issues relating to the use of the funds be submitted to arbitration. The Escrow Agent may release funds in the manner provided in such an agreement or may initiate an interpleader action and deposit retained funds with a court of competent jurisdiction. In any interpleader action, the circuit court shall be empowered, in its discretion, to appoint a receiver to administer the application of the funds. Any notice or request provided for in this subsection shall be in writing.

4. <u>Master Deed Review</u>. At such time as a Master Deed for the Project has been prepared, the Developer shall furnish to the Escrow Agent a copy thereof together with copies of such other Condominium Documents as may be requested by the Escrow Agent. After it has had an opportunity to review such documents, Escrow Agent may, at its sole discretion, elect to

continue the escrow, or, if it finds such documents inadequate to protect its interests, transfer all funds held by it to another qualified Escrow Agent selected by the Developer, or, in the absence of such selection, return to each Purchaser the funds which have been deposited by him, in complete satisfaction of its duties hereunder.

5. Miscellaneous Provisions. The Escrow Agent in the performance of its duties under this section shall be deemed an independent party not acting as the agent of the Developer, any purchaser, co-owner, or other interested party. So long as the Escrow Agent relies upon any certificate, cost estimate, or determination made by a licensed professional engineer or architect, as described in this act, the Escrow Agent shall have no liability whatever to the Developer or to any purchaser, co-owner, or other interested party for any error in such certificate, cost estimate, or determination, or for any act or omission by the Escrow Agent in reliance thereon. The Escrow Agent shall be relieved of all liability upon release, in accordance with this section, of all amounts deposited with it. Any change in the terms or conditions hereof may only be made in writing and signed by the parties or their duly authorized representatives.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

JOYCE & DON, LLC

By: ______________________
Donald F. Watts

Its: Managing Member

TITLE BOND & MORTGAGE COMPANY

By: ______________________

Its: ______________________