

AGREEMENT AND ESCROW INSTRUCTIONS
(Letter of Credit - VA Start-Up)

RE 643G (Rev. 6/87)

SUBDIVISIONS



1. This agreement is entered into between:
 - a. _____
doing business as _____ (Subdivider).
 - b. _____
A California Non-Profit Corporation (Association).
 - c. _____
A California Corporation (Escrow).
2. This agreement is executed pursuant to requirements of the Veteran's Administration and the California Department of Real Estate to secure the Subdivider's obligation to deposit Working Capital Funds with the Association as owner of interests in the subdivision known as _____
in the City of _____, County of _____, California (Subdivision).
Every owner, including Subdivider is required to deposit \$ _____ with the Association as Working Capital and not as pre-payment of assessments. Subdivider may delay payment for up to six months from conveyance of the first interest in the Subdivision, at which time Subdivider is required to deposit the foregoing amount with the Association. Should Subdivider deposit the funds or should the Letter of Credit securing this agreement be drawn upon, Subdivider will be reimbursed out of each subsequent sale of an interest in the Subdivision.
3. Pursuant to the obligation imposed by the Veteran's Administration, the Subdivider is obligated to the Association in the amount up to \$ _____.
4. If, at a date six months after the conveyance of the first interest in the Subdivision either all interests in the subdivision have been sold or if the Subdivider has deposited Working Capital Funds with the Association for every interest in the Subdivision to which title is held by Subdivider on that date, then this agreement shall terminate provided that the following signed and dated statement of the Association is received by the Escrow:

The Association has received Working Capital Funds for every interest in the Subdivision.
5. This agreement is secured by a Letter of Credit in the amount set forth above, number _____ issued by _____ (Bank/Savings & Loan) and dated _____. Receipt of the Letter of Credit is evidenced by the signature of the Escrow to this agreement.
6. If the Subdivider defaults by failing to pay Working Capital Funds to the Association on or before the date set forth in paragraph #4 above, then the Escrow shall forthwith draw upon the credit in an amount sufficient to pay Working Capital Funds to the Association in the amount of \$ _____ for each interest, title to which is then held by the Subdivider. The funds shall forthwith be paid to the Association.
7. If at any time during the duration of this agreement Escrow shall receive a notice from _____ (Bank/Savings & Loan) that the Letter of Credit will not be renewed, Escrow shall forthwith present the Letter of Credit for payment and hold and disburse the proceeds as necessary to satisfy the Subdivider's obligation under this agreement. Funds not disbursed to the Association shall be deposited in an interest bearing account and the interest shall be paid quarterly to the Subdivider.
8. Should the Subdivider deposit Working Capital Funds for interest to which Subdivider holds title, or if Escrow draws on the Letter of Credit for the account of the Association, then the Working Capital Funds deposited by subsequent purchasers from the Subdivider shall be forthwith paid to the Subdivider in reimbursement of the deposits previously made.

9. It is the intent of the parties hereto that the Escrow shall act at all times in accordance with this agreement merely as an escrow and without liability for fulfillment of the Subdivider's obligation hereunder. Escrow shall be empowered to interplead should any dispute arise, and Subdivider agrees to indemnify Escrow and hold it harmless against all costs, attorney fees and damages incurred by Escrow arising under this agreement.


10. If a dispute arises between Subdivider and Association with respect to Subdivider's obligation under this agreement, at the request of either party, the dispute shall be submitted to and decided by arbitration in accordance with the rules of the American Arbitration Association (AAA) before an arbitrator selected by the AAA from its panels of arbitrators. The fee to initiate arbitration shall be paid by Subdivider, however, the costs of arbitration shall ultimately be borne as determined by the arbitrator.

By the signatures affixed below, the parties consent to be bound to the terms of this agreement:

Subdivider		Association	
By 	Date	By 	Date
Printed Name of Signer		Printed Name of Signer	
Title		Title	
Address		Address	
City	State	City	State

ESCROW

Escrow acknowledges receipt of Letter of Credit No. _____ and agrees to carry out the terms of the within agreement.

Escrow	
By 	Date
Printed Name of Signer	
Title	
Address	
City	State