

4. USE OF FUNDS

The Escrowed Funds will be held by the ESCROW AGENT for work described in the *Job Specifications* attached as Exhibit A to the *Construction Contract* of near or even date between the OWNER and the CONTRACTOR as may be modified by change orders executed by the OWNER, the CONTRACTOR, and the ESCROW AGENT (the "Work"). The OWNER and the CONTRACTOR agree to comply with the terms of the *Construction Contract* which is incorporated herein.

5. AUTHORIZATION

ESCROW AGENT is authorized and directed to disburse the Escrowed Funds in accordance with this Agreement. **Provided however, if OWNER and ESCROW AGENT do not receive financing to cover the cost of CONTRACTOR's price, this Agreement is null and void.**

6. DISBURSEMENTS

The ESCROW AGENT shall withhold a minimum of ten percent (10%) of the Escrowed Funds until all Work has been completed to the satisfaction of the ESCROW AGENT and the OWNER. The ESCROW AGENT shall not make any disbursements until the CONTRACTOR has provided the ESCROW AGENT and OWNER with copies of any required permits. The ESCROW AGENT shall disburse funds only for any of the Work which is (a) completed, (b) approved by the OWNER, (c) inspected by the ESCROW AGENT, and (d) approved by the ESCROW AGENT. For each requisition the CONTRACTOR shall submit invoices for materials and the portion of the Work completed through the date of the requisition and lien waivers from all subcontractors who performed any of the Work through the date of the requisition. The ESCROW AGENT shall withhold final payment until the ESCROW AGENT has received a certificate of occupancy from the municipality where the Work was performed, if applicable, and has conducted a final inspection of the Work and certified that the Work is complete.

If the OWNER is receiving a Lead Grant, completed work includes the achievement of lead dust clearance levels as described by the United States Department of Housing and Urban Development Lead-based Paint Poisoning Prevention in Certain Residential Structures regulations, 24 CFR Part 35. IT IS THE CONTRACTOR'S RESPONSIBILITY TO ACHIEVE THE LEAD DUST CLEARANCE STANDARDS REQUIRED BY 24 CFR PART 35. IF DUST WIPE TESTING INDICATES LEAD DUST LEVELS ARE HIGHER THAN ALLOWABLE, CONTRACTOR MUST RECLEAN THE AREAS THAT FAILED AT CONTRACTOR'S EXPENSE. ALL DIRECT AND INDIRECT COSTS INCURRED BY OWNER AND ESCROW AGENT TO REINSPECT AND RETEST SHALL BE DEDUCTED FROM PROCEEDS DUE CONTRACTOR.

7. CHANGE ORDERS

The ESCROW AGENT will not pay for any work beyond that called for in the original Home Construction Contract unless a written change order has been approved and signed by the ESCROW AGENT, the CONTRACTOR, and the OWNER. The ESCROW AGENT may require additional funds to be deposited into the Escrowed Funds to pay for increased costs so that at all times there remain sufficient Escrowed Funds to pay for the Work.

8. DISPUTE RESOLUTION

The CONTRACTOR and the OWNER will notify the ESCROW AGENT of any disputes between them. The ESCROW AGENT shall, within fifteen working days from receipt of a complaint, organize an informal meeting with the OWNER and the CONTRACTOR. The Home Repair Program may inspect any of the work at any time and may participate in any informal meeting. If the informal conference produces a resolution to the dispute, the ESCROW AGENT shall prepare and the CONTRACTOR and OWNER shall sign a document that plainly states the agreed upon resolution. If the meeting does not result in a resolution, the ESCROW AGENT shall document the results of the meeting and how the parties disagree. If the ESCROW AGENT, the CONTRACTOR, and the OWNER cannot come to a resolution of the matter, then the issue shall be resolved through binding arbitration as regulated by the Maine Uniform Arbitration Act. The parties shall participate in a binding arbitration as soon as possible after the informal conference. The binding arbitration shall be in accordance with the Maine Uniform Arbitration Act unless the ESCROW AGENT, OWNER, and CONTRACTOR otherwise agree. The OWNER and CONTRACTOR shall submit all disputes or claims regardless of the extent of the Work's progress to the arbitrator. The award rendered by the arbitrator shall be final and judgment may be entered upon it in any court having jurisdiction thereof. The CAA will pay for the costs of an arbitrator and choose the arbitrator. The parties will each pay their own attorneys' fees and other costs.

9. MECHANICS LIENS

The ESCROW AGENT assumes no liability for mechanics liens filed in connection with any of the work. This Agreement is duly executed by the parties set forth below.

10. REMAINING PROCEEDS

If there are Escrowed Funds remaining after final payment, those funds shall be returned to the provider of the unexpended funds.

11. MISCELLANEOUS

If any part of this Agreement is held to be unenforceable or void, such fact shall not affect the validity or enforceability of the remaining parts of this Agreement. The provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, successors, and assigns of the parties. This Agreement shall be construed in accordance with and governed by the laws of the State of Maine.

APPLICANT

Signed by all owners of the property:

Signature of Applicant

Date

Signature of Co-Applicant

Date

CONTRACTOR

Signature of Contractor Representative

Date

Contractor Representative Name

ESCROW AGENT

Signature of Escrow Agent Representative

Date

Escrow Agent Representative Name