

**INSTRUCTIONS TO ESCROW DEPOSITORY**  
***(Start-Up Funds)***

RE 643B (Rev. 12/90)

\_\_\_\_\_ (Subdivider),  
has transmitted herewith to \_\_\_\_\_ (Escrow Depository),  
as trustee, a surety bond in the amount of \_\_\_\_\_.

This bond is given to secure the obligation of Subdivider to pay to \_\_\_\_\_  
\_\_\_\_\_ Homeowners Association,  
a California Nonprofit Mutual Benefit Corporation (Association), start-up fees allocable to units/lots in the subdivision known  
as Tract No., or Name, \_\_\_\_\_,  
County \_\_\_\_\_, DRE File No. \_\_\_\_\_.

Subdivider is obligated to deposit for the benefit of the Association, as a contribution to the capital of the Association, a sum  
equal to \_\_\_\_\_ times the amount of the regular monthly assessment established in accordance with the  
provisions of Section \_\_\_\_\_ of Article \_\_\_\_\_ of the Declaration of Restrictions for the subdivision  
for each unit/lot in the subdivision (project) which has not been conveyed to a purchaser within six months following the close  
of the first sale of a unit/lot in the subdivision (project).

The security shall remain in the custody of Escrow Depository until Escrow Depository has received a certified copy of  
a resolution of the governing body of the Association adopted not earlier than thirty (30) days before its receipt by Escrow  
Depository stating the Subdivider is not delinquent in the payment of the funds for which he is obligated.

In the event of a dispute between the Subdivider and the Association with respect to the question of satisfaction of the  
conditions for exoneration or release of the security, the issue or issues shall, at the request of either party, be submitted to  
arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (AAA) before an  
arbitrator selected from the panels of the arbitrators of AAA. In the event of referral to arbitration, Subdivider will remit the  
fee to initiate the arbitration. The parties agree, however, that the cost of arbitration shall ultimately be borne as determined  
by the arbitrator.

The parties further agree to abide by the determination of the arbitrator with respect to the exoneration or release of the  
security and with respect to payment of the costs of arbitration.

SUBDIVIDER		ASSOCIATION	
BY _____	DATE _____	BY _____	DATE _____
TITLE _____		TITLE _____	
ADDRESS _____		ADDRESS _____	
_____		_____	
_____		_____	

Escrow Depository acknowledges receipt of an executed copy of the above instructions and agrees to carry out the terms thereof.

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ESCROW DEPOSITORY

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BY	DATE
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TITLE

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ADDRESS

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