

THE VILLAGE OF SAVANNAH LAKES

Escrow Agreement

THIS IS AN ESCROW AGREEMENT (the "Escrow Agreement") entered into Nov 5, 2004, between Savannah Associates, LLC, a Michigan limited liability company, whose address is 3769 Three Mile Road, Grand Rapids, Michigan 49544 (the "Developer"), and Transnation Title Insurance Company, a Michigan corporation, of 115 Clover, Suite 200, Holland, Michigan 49423 (the "Escrow Agent").

RECITALS

Developer is developing a residential site condominium project known as The Village of Savannah Lakes, which is to be established as a condominium project under Michigan law (the "Project").

Developer plans to sell units in The Village of Savannah Lakes and will enter into a Preliminary Reservation Agreement or a Purchase Agreement (an "Agreement") with each prospective purchaser (a "Purchaser"), respecting the purchase of condominium units in the Project (the "Units").

Each Agreement will require that all amounts received from Purchaser on the purchase price of the Unit shall be deposited with Escrow Agent and held in an escrow account in accordance with the Michigan Condominium Act (Act No. 59, Public Acts of 1978), as amended (the "Act").

Escrow Agent is willing to hold and release those amounts in accordance with the terms of this Escrow Agreement and of the Act.

AGREEMENT

1. **Deposit of Funds.** Developer shall, promptly after receipt, transmit to Escrow Agent all sums deposited with it under an Agreement, together with a fully executed copy of the Agreement, and a receipt signed by the Purchaser for the Condominium Documents furnished by the Developer. Unless Escrow Agent shall give its prior written consent, the Agreement shall not be amended or modified in any manner which in the opinion of the Escrow Agent would increase its liability or materially change its duties stated in this Escrow Agreement.

At such time as a Master Deed for the Project has been prepared, Developer shall furnish to Escrow Agent a copy of it together with copies of the other Condominium Documents as may be requested by Escrow Agent. After it has had an opportunity to review such documents, Escrow Agent may elect to continue the escrow, or transfer all funds held by it to another qualified escrow agent selected by the Developer, in complete satisfaction of its duties under this Escrow Agreement.

2. **Release of Funds.** The sums paid to Escrow Agent under the terms of an Agreement shall be held and released to Developer or to Purchaser as follows:

A. Upon Withdrawal by Purchaser. Funds shall be released to Purchaser in the following situations:

(i) If Purchaser has executed a Preliminary Reservation Agreement, but has not executed a Purchase Agreement, and Purchaser cancels the Agreement, Purchaser shall notify Escrow Agent of such cancellation in writing.

(ii) If Purchaser has executed a Purchase Agreement, and Purchaser withdraws from the Agreement within the withdrawal period described in it, Purchaser shall notify Escrow Agent of such withdrawal in writing.

(iii) If a mortgage contingency is provided for in the Purchase Agreement, and if, with or without the assistance of Developer, Purchaser fails or is unable to obtain a mortgage, Purchaser and Developer shall jointly notify Escrow Agent in writing that a mortgage has not been obtained.

(iv) If Purchaser has executed a Preliminary Reservation Agreement, but has not executed a Purchase Agreement, and Developer terminates Purchaser's reservation rights as a result of a default by Purchaser, or for any reason, Developer shall notify Escrow Agent in writing.

(v) If Developer is unable to convey insurable title to Purchaser within 60 days after the receipt by Purchaser of a title commitment in respect of Purchaser's Unit, Purchaser shall notify Escrow Agent of Developer's inability to convey insurable title in writing.

(vi) If Developer terminates Purchaser's rights under a Purchase Agreement, for any reason permitted by the Purchase Agreement other than the default of Purchaser, Developer shall notify Escrow Agent of the termination in writing.

If, however, Developer files with Escrow Agent a written objection to the withdrawal request of a Purchaser, which objection claims an interest in the sums held pursuant to this Agreement, Escrow Agent shall hold or dispose of the funds as provided in Section 4 below.

All funds released under this Section 2 shall be returned to Purchaser within three business days after Escrow Agent is notified in writing of the satisfaction of any of the conditions described above. The term "business day" as used in this Escrow Agreement shall mean a day other than a Saturday, Sunday, or legal holiday.

B. Upon Default by Purchaser. In the event that a Purchaser defaults in making any payments required by a binding Purchase Agreement or in fulfilling any other obligations under it for a period of ten days after written notice by Developer to Purchaser, Escrow Agent shall release sums held pursuant to the Purchase Agreement to Developer in accordance with the terms of the Agreement. However, if Purchaser files a written objection to the notice of default with Escrow Agent, which objection claims an interest in the sums held pursuant to this Agreement, Escrow Agent shall hold or dispose of the funds as provided in Section 4 below.

C. Upon Conveyance of Title. Upon conveyance of title to a Unit from Developer to Purchaser (or upon execution of a land contract between Developer and Purchaser in fulfillment of a Purchase Agreement) and upon issuance of a Certificate of Occupancy with respect to the Unit, Escrow Agent shall release to Developer all sums held in escrow under the Agreement provided Escrow Agent has confirmed that:

(i) Those portions of the phase of the Project in which such Purchaser's Unit is located and which under the terms of the Condominium Documents "must be built" are substantially complete; and

(ii) Recreational facilities or other similar amenities and all similar common elements or improvements intended for common use, wherever located and which under the terms of the Condominium Documents "must be built" are substantially complete; or

(iii) If the elements or facilities referred to in Sections 2.C.(i) and 2.C.(ii) above are not substantially complete, sufficient funds to finance substantial completion of such elements or facilities are being retained in escrow or that other adequate security has been arranged as provided herein.

For purposes of Section 2.C.(i), the phase of the Condominium Project in which Purchaser's Unit is located shall be "substantially complete" when 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 Documents as "must be built") are substantially complete as evidenced by certificates of the type described in Section 3. The substantial completion of improvements of the type described in Section 2.C.(ii) shall also be evidenced by certificates of the type described in Section 3.

D. Release of Funds Escrowed for Completion. Upon furnishing Escrow Agent a certificate from a licensed professional architect or engineer evidencing substantial completion in accordance with the pertinent plans and specifications of a structure, improvement, facility or identifiable portion thereof for which funds or other security have been deposited in escrow, Escrow Agent shall release to Developer the amount of such funds or other security specified by the issuer of the certificate as being attributable to such substantially completed item(s); provided, however, that if the amounts remaining in escrow after any such partial release would be insufficient in the opinion of the issuer of such certificate to finance substantial completion of any remaining incomplete items for which funds or other security have been deposited in escrow, only the amount in escrow in excess of such estimated cost to substantially complete shall be released by Escrow Agent to Developer.

E. Interest on Escrowed Funds. Escrow Agent shall deposit the escrowed funds held pursuant to this Agreement in an account with a licensed financial institution. Escrow Agent shall be under no obligation to earn interest upon the escrowed sums. However, if Developer requests and Escrow Agent agrees that interest be earned, such interest shall be separately accounted for by Escrow Agent and shall be held in escrow and paid to the party entitled to receive the funds upon which the interest has accrued; provided, however, that interest accrued on funds returned to Purchaser because of Purchaser's cancellation of or withdrawal from an agreement shall be paid to Developer.

F. Other Adequate Security. If Developer requests that all of the escrowed funds held hereunder or any part thereof be delivered to it prior to the time it otherwise becomes entitled to receive the same, Escrow Agent may release all such sums to Developer if Developer has placed with Escrow Agent an irrevocable letter of credit drawn in favor of Escrow Agent in form and substance satisfactory to Escrow Agent and securing full repayment of said sums, or has placed with Escrow Agent such other substitute security as may be permitted by law and approved by Escrow Agent. Escrow Agent may, at its sole discretion, present any letter of credit deposited pursuant to this Paragraph for payment without prior notice to or consent of Developer.

G. Incomplete Elements or Facilities. If Escrow Agent is holding in escrow funds or other security for completion of incomplete elements or facilities under §103b(7) of the Act, such funds or other security upon the request of the Condominium Association or any interested Co-owner, shall be administered by Escrow Agent in the following manner:

(i) Escrow Agent shall upon request give all statutorily required notices under §103b(7) of the Act.

(ii) If Developer, the Condominium Association and any other party asserting a claim to the escrow deposit enter into a written agreement satisfactory in its terms and conditions to Escrow Agent for Escrow Agent's protection, (as determined by Escrow Agent in its

absolute and sole discretion), as to the disposition of the funds or security in escrow under §103b(7) of the Act, Escrow Agent shall release such funds or security in accordance with the terms of such written agreement among such parties.

(iii) Failing written agreement as provided in paragraph 2.G.(ii) above, Escrow Agent shall be under no obligation whatever to release any such escrowed funds or security, in which event Escrow Agent shall initiate an interpleader action in any circuit court in the State of Michigan naming the Developer, the Condominium Association and all other claimants and interested persons as parties and deposit all funds or other security in escrow under §103b(7) of the Act with the clerk of such court in full acquittance of its responsibilities under this Agreement.

3. **Proof of Occurrences.** Escrow Agent may require reasonable proof of occurrence of any of the events, actions or conditions stated herein before releasing any sums held by it pursuant to this Escrow Agreement either to a Purchaser or to Developer. Whenever Escrow Agent is required hereby to confirm that a facility, element, structure, improvement or identifiable portion of any of the same is substantially complete in accordance with the pertinent plans and specifications therefore, it may base such confirmation entirely upon the certificate to such effect of a licensed professional architect or engineer. Likewise, all estimates and determinations of the cost to substantially complete any incomplete elements, facilities, structures and of the cost to substantially complete any incomplete elements, facilities, structures and improvements for which escrowed funds are being specifically maintained under Section 2.D. above shall be made entirely by a licensed professional engineer or architect and the determination of all amounts to be retained or maintained in the escrow account for the completion of any such elements, facilities, improvements or structures shall be based entirely upon such determinations and estimates as are furnished by such financial institution. Escrow Agent shall be under no obligation to earn interest upon the escrowed sums. However, if Developer requests and Escrow Agent agrees that interest be earned, such interest shall be separately accounted for by Escrow Agent and shall be held in escrow and paid to the party entitled to receive the funds upon which the interest has accrued; provided, however, that interest accrued on funds returned to purchaser because of purchaser's cancellation of or withdrawal from an agreement shall be paid to Developer.

4. **Conflicting Claims.** If Escrow Agent receives conflicting instructions or claims to the funds, securities or documents held in Escrow, then it may take any one or more of the following actions:

A. Release all or any portion of the funds to the party which it determines is entitled to receive the funds under the provisions of this Agreement.

B. Hold all or any portion of the funds, securities and documents affected by the conflicting instructions or claims in this Escrow and take no further action until otherwise directed, either by mutual written instructions from all interested parties or by final order of a court of competent jurisdiction.

C. Initiate an interpleader action in any circuit court in the State of Michigan naming all interested persons as parties and depositing all or any portion of the funds, securities and documents affected by the adverse claims with the clerk of that court in full satisfaction of its responsibilities under this Agreement.

5. **Rights and Liabilities of Escrow Agent.** Upon making delivery of the funds deposited with Escrow Agent pursuant to this Escrow Agreement and performance of the obligations and services stated in this Agreement, Escrow Agent shall be released from any further liability, it being expressly understood that liability is limited by the terms and provisions stated in this Agreement, and that by execution of this Agreement, Escrow Agent is acting in the capacity of a depository and is not, as such, responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments submitted

to it, or the marketability of title to any Unit in the Project. Escrow Agent is not responsible for the failure of any bank used by it as an escrow depository for funds received by it under this Agreement.

Escrow Agent is not a guarantor of performance by Developer under the Condominium Documents or any Purchase Agreement. Escrow Agent undertakes no responsibilities with respect to the nature, extent or quality of that performance or with regard to the conformity of that performance to the terms of those documents, to the plans and specifications for the Project, to local or state laws or in any other particular. So long as Escrow Agent relies in good faith upon any certificate, cost estimate or determination of the type described in Section 3, Escrow Agent shall have no liability to Developer, any Purchaser or any other party for any error in the certificate, cost estimates or determination.

Developer agrees to indemnify and hold harmless Escrow Agent for any loss or damage sustained by Escrow Agent, including, but not limited to, reasonable attorney fees resulting from any litigation arising from the performance of Escrow Agent's obligations and services, provided such litigation is not a result of Escrow Agent's wrongful act or negligence.


Except in instances of gross negligence or willful misconduct, Escrow Agent's liability under this Agreement shall in all events be limited to return to the party or parties entitled to them of the funds retained in escrow (or which were replaced by security) less any reasonable expenses which Escrow Agent may incur in the administration of the funds including, without limitation, reasonable attorney's fees and litigation expenses paid in connection with the defense, negotiation or analysis of claims against it, by reason of litigation or otherwise, arising out of the administration of the escrowee funds, all of which costs Escrow Agent shall be entitled without notice to deduct from amounts on deposit hereunder.

6. **Notices.** All notices required or permitted under this Agreement and all notices of change of address shall be deemed sufficient if personally delivered or sent by telecopy, ordinary first class mail or by certified mail, postage prepaid and return receipt requested, addressed to the recipient at the address shown for that party in the Purchase Agreement. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed effective upon such mailing or personal delivery, whichever is applicable.

DEVELOPER:

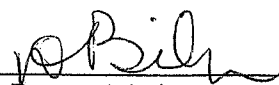
Savannah Associates, LLC

By: Triangle Properties Savannah, LLC,
a Michigan limited liability company
Its Manager

By: 
Craig S. Datema
Its Manager

ESCROW AGENT:

Transnation Title Insurance Company

By: 
Deanna Binder
Its Escrow Manager