

ESCROW AGREEMENT : CASH MAINTENANCE BOND

On the ____ of _____, 2001, Silverdale Water District (hereafter the District), accepted the water system for _____ as constructed by _____ (hereafter the Developer) as set forth in a developer extension agreement dated the ____ of _____, 2001.

As required in the referenced developer extension, the Developer is required to post a maintenance bond guaranteeing he will correct or replace any defective work or materials discovered by the District within a period of one (1) year from the date of acceptance of the system.

To meet this bond requirement, the Developer has elected to post cash in a special escrow account at Kitsap County Bank, Silverdale Branch. By resolution of the Board of Commissioners, the total cash deposit for the maintenance bond shall be 10% of the cost to construct the system. The total cash deposit for this bond is _____.

Interest accruing on the deposit may be disbursed to the Developer by the bank, at such intervals as the Developer and the bank may agree. The principal balance of the funds deposited shall not, however, be disbursed to the Developer unless and until the bank receives a release signed by no less than two of the Water District's commissioners.

The District shall release the bond deposit to the Developer one (1) year after the District has finally accepted the work performed under the developer extension agreement. At that time, this bond shall become null and void, unless the Developer has failed to comply with terms of the bond, then this bond shall be and remain in full force and effect.

DATED this ____ day of _____, _____.

CHAIRMAN OF THE BOARD
Silverdale Water District

SECRETARY OF THE BOARD
Silverdale Water District

DEVELOPER

BANK

