

# CONSTRUCTION ESCROW AGREEMENT

Return to: Assurance Title Services, Inc.  
P.O. Box 251  
Oshkosh, WI 54903-0251  
ESCROW DEPT.

RE: Assurance Title File No. \_\_\_\_\_

The lender: \_\_\_\_\_, has authorized a loan in the amount of \$ \_\_\_\_\_ to: \_\_\_\_\_, hereinafter referred to as the "borrowers", for the purpose of constructing a dwelling by: \_\_\_\_\_, hereinafter referred to as "General Contractor", for the contract price of \$ \_\_\_\_\_ on property covered by the title insurance commitment issued under the above referenced title insurance file number.

The undersigned borrowers have paid the general contractor the sum of \$ \_\_\_\_\_ as a downpayment, leaving a balance due on said contract of \$ \_\_\_\_\_. Total funds available for construction will be deposited with Assurance Title from lender in installment draws as agreed upon between the general contractor and the borrowers. **Lender/Closing Agent states that the total sum of \$ \_\_\_\_\_, will be available to draw upon at the start of the construction, after all closing costs, etc.**

At the time General Contractor submits a written draw request, Assurance Title is hereby directed to disburse all funds deposited in their account upon written authorization of one of the undersigned borrowers, securing at the time of each respective disbursement proper waivers of lien for the amount so paid, on the condition that the exception as to construction liens noted in the above referred to Commitment will be eliminated as to lienable claims arising from the amounts disbursed.

Borrowers hereby authorize Assurance Title to enter upon the premises to conduct inspections on behalf of the lender for the purpose of determining whether payment to the general contractor is warranted. It is understood that the inspections which Assurance Title conducts are for the direct benefit of the lender only, their purpose being to assure the lender that the stage of construction substantially justifies payment to the general contractor and substantially complies with the plans and specifications submitted to the lender. The undersigned borrowers acknowledge that it will be their responsibility to assure themselves that the quality of workmanship and material is satisfactory, and that the home is built in accordance with plans and specifications, and the undersigned borrowers further acknowledge and agree that it is not Assurance Title's obligation to make any assurances to them as to the quality of workmanship and materials and that Assurance Title has no liability to them for any alleged defect or defects in said quality or for any failure to complete the home in accordance with plans and specifications.

In accepting this escrow, Assurance Title is relieved from any liability in the event they disburse part of the funds herein deposited and then discover that the remaining undisbursed balance will be insufficient to complete the construction work, free and clear of construction lien claims either because of extras ordered by the borrowers for which no additional funds were deposited in escrow or because the general contractor is unable to complete said construction work for the contract price of \$ \_\_\_\_\_. **Notice to borrowers: If borrowers decide on purchasing/ordering anything above and beyond the contract price, it is Assurance Title's recommendation that said borrowers request a written change order from their builder prior to the expense taking place, so they are aware of the cost of the extra and are prepared to deposit the funds with Assurance Title at the time the extra appears on a draw authorization.** The undersigned borrowers agree to advise Assurance Title promptly in the event that they receive any lien notice or notice of intention to claim a lien from any contractor, subcontractor, or materialmen in connection with the construction.

Borrowers agree to pay the sum of \$250.00 to Assurance Title as a constructions escrow fee. Borrowers further state that they are aware that said construction escrow fee covers draws one through four. Should the construction project require more than four draws, borrowers agree to pay \$25.00 per additional draw.

The borrowers hereby agree that they will promptly reimburse Assurance Title for any expenses which Assurance Title may reasonably and necessarily incur in prosecuting or defending any action to which they may be a party as a result of a dispute with reference to the rights of anyone claiming an interest in the funds deposited hereunder.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Signed:

\_\_\_\_\_  
Borrower

Borrowers daytime phone no. \_\_\_\_\_

\_\_\_\_\_  
Borrower