



## **VINEYARD CITY ESCROW BOND AGREEMENT**

**THIS ESCROW/BOND AGREEMENT** is entered into this \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_, by and between, \_\_\_\_\_, a Utah Banking Institution, hereinafter referred to as Obligor, \_\_\_\_\_, hereinafter referred to as Developer, and the Vineyard City, a Municipal Corporation of the State of Utah, hereinafter referred to as the City.

**WHEREAS**, Developer desired to construct and develop a subdivision in Vineyard City, said subdivision to be known as \_\_\_\_\_; and

**WHEREAS**, the Ordinances of the City require the Developer to provide a performance bond to guarantee that improvements will be installed as shown on the final plat; and

**WHEREAS**, the Developer pursuant to the Bond Requirements of the City has placed the sum of \$\_\_\_\_\_ in an escrow account with the Obligor to guarantee construction of the required improvements pursuant to the terms of the Ordinances of the City and the Subdivision Improvement Agreement executed by the Developer (see Exhibit "A", attached hereto and incorporated herein by reference);

**NOW THEREFORE**, in consideration of the funds paid to the Obligor by the Developer, it is hereby agreed as follows:

1. Obligor shall reserve the funds deposited by the Developer to guarantee and assure the construction of the required improvements by the Developer in the above-named subdivision, pursuant to the terms of the Ordinances of Vineyard City, and to assure performance by the Developer of the terms of the Subdivision Improvement

Agreement, executed by the Developer, which is attached hereto as Exhibit "A" and incorporated herein by reference.

2. The City Council shall have sole power to authorize the release of any funds held. Prior to the Developer's satisfactory completion of all required improvements, the 2 City Council shall only release funds for completed improvements in an amount not to exceed 80% of the amount allocated for the completed improvements. No money may be released by the obligor without prior written authorization from Vineyard City.
3. Final release of this Bond to the Developer is conditional upon the Developer's satisfactory completion of all improvements required under the Subdivision Improvement Agreement and upon delivery by the Developer to the City of a preliminary title report, in a form acceptable to the City, showing that there are no liens or encumbrances on the subject property except such liens and encumbrances as are specifically approved in writing by the City Council.
4. The Developer shall complete all public improvements required by City ordinances and the development agreement within a period of ONE (1) year from the date of approval of the final plat by the City Council. If the requirement improvements are not completed satisfactory to the City Council within one year, or an extension of time has not been approved by the City, the City may declare the Developer in Default of this agreement and pursue the remedies provided for in paragraph six (6) herein. Upon the Developer's completion of all said improvements, the City Engineer shall make an inspection of the improvements and shall submit a report to the City Council setting forth the condition of such improvements. If the City Council finds that all required improvements are satisfactory and that all liens have been paid and that title conditions on the subject property are satisfactory, as evidenced by the aforementioned preliminary title report, the City Council may release eighty percent (80%) of the escrow account to the Developer. The remaining twenty percent shall be held for an additional two years as a warranty against latent defects in material or workmanship. If, at the end of the initial one year period or at the end of the two year warranty period, the condition of materials or workmanship shows unusual depreciation or does not comply with standards of the City, or if any outstanding liens

are not paid, the City Council may declare the Developer to be in default. The Developer 3 acknowledges that it has informed or will inform its contractors and subcontractors of the release provision of this escrow account.

5. It is also agreed that violation of the City Ordinances, State Statutes, or Federal Regulations with respect to the development of the aforesaid project, or deviation in any way from the approved plat and specifications of the subdivision, may be considered grounds for declaration of default of the developer's obligations hereunder.
6. Should the City Council determine that there has been a breach by the Developer of his obligations pursuant to the terms of the Vineyard City Ordinances, the Subdivision Improvement Agreement, or this Agreement, the City Council may declare the Developer to be in default. Upon a declaration by the City Council that the Developer is in default, the City shall provide written notice of such default to the Obligor, whereupon the Obligor shall, within TEN (10) days of receipt of said written notification from the City, release all funds held by Obligor to City, and City shall apply said funds to the cost of construction or repair of the required improvements.
7. Developer hereby agrees that the obligor is entitled to release all said funds to the City within TEN (10) days of receipt of written notice by the City to the Obligor as described in the preceding paragraph.
8. Should the Obligor refuse to release all said funds to the City within TEN (10) days of written notification to the Obligor by the City, the Obligor shall be liable for all damages resulting from said refusal.
9. Should the Escrow contain insufficient funds to complete the work, Vineyard City is entitled to pursue legal action to recover the shortage from either the development company or the developers individually involved.
10. Should any party to this Agreement default in performance of any terms contained herein, the non-defaulting party shall be entitled to reasonable attorney's fees and costs of Court incurred by the non-defaulting party in enforcing any of the terms of this Agreement.
11. This Agreement shall bind and inure to the benefit of the parties, their heirs, administrators, executors, successors, and assigns.

12. Time is of the essence of this Agreement.
13. This Agreement is not intended and shall not be construed to make any person, firm, or corporation a third-party beneficiary of any duty to be performed under this Agreement by City, its officers, agent or employees.
14. The signatories to this Agreement expressly represent and warrant that they have authority to act for and on behalf of the Obligor, the Developer and the City respectively.

**EXECUTED** the day and year first above written.

\_\_\_\_\_  
**Attest**

\_\_\_\_\_  
**BANK OF OBLIGOR**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

\_\_\_\_\_  
**Attest**

\_\_\_\_\_  
**DEVELOPER**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

\_\_\_\_\_  
**Attest**

\_\_\_\_\_  
**Developer as an Individual**

\_\_\_\_\_  
**Attest**

\_\_\_\_\_  
**Vineyard Town Mayor**