

CASH MAINTENANCE AND PLEDGE OF MONIES AGREEMENT

THIS AGREEMENT is made this ____ day of _____, _____ between Sammamish Plateau Water and Sewer District, a municipal corporation ("District"), and _____ ("Developer").

SECTION 1: RECITALS

1.01 The District and the Developer are parties to a _____ (Water/Sewer) Developer Extension Agreement dated the ____ day of _____, _____ ("Extension Agreement"), regarding the construction of certain extension improvements for the project known as _____ ("Project") referenced therein.

1.02 Pursuant to paragraph WS-48, "Maintenance Guarantee", of the Extension Agreement, the Developer is required to furnish the District with a maintenance guarantee to guarantee to correct defects in labor and materials which arise in the extension improvements for a period of one (1) year from the date of acceptance of the extension improvements for the project and transfer of the title to the District. In the event of phasing of the Project, such one (1) year period shall commence on the date of the District's acceptance of the last phase of such Project. Pursuant to such provision, the Developer desires to furnish the District a cash bond in lieu of a corporate surety maintenance bond as the required maintenance guarantee.

1.03 The District will accept, hold and disburse such cash bond as set forth below.

1.04 Therefore, the parties, in consideration of the terms and conditions herein stated, now agree as follows:

SECTION 2: CASH MAINTENANCE BOND

2.01 The Developer shall provide the District cash funds ("Funds") in the amount of U.S. _____ Dollars (\$_____) to guarantee the Developer's maintenance of the extension improvements referenced in paragraph 1.02 above.

2.02 The District shall hold and deposit such funds in a non-interest-bearing account in the _____ Bank ("Bank"), such account to be in the sole name of the District.

2.03 The conditions under which the District will disburse or utilize such Funds for the completion of the Developer's obligations under the Extension Agreement are such that:

a. If the extension improvements which are the subject of the Extension Agreement are free from defects in labor and/or materials for a period of one (1) year from the date of acceptance of

the extension improvements and transfer of title to the District or in the event of phasing of the Project, for a one (1) year period from the date of the District's acceptance of the last phase of such Project, the District shall disburse the funds less charges for District administrative and other costs referenced in this Agreement, to the Developer within thirty (30) days of such determination by the District; or

b. If the extension improvements which are the subject of the Extension Agreement are not free from defects in labor and/or materials for a period of one (1) year from the date of acceptance of the extension improvements and transfer of title to the District or in the event of phasing of the Project, for a one (1) year period from the date of the District's acceptance of the last phase of such Project, and the Developer has failed to remedy to the District's satisfaction any such defects within fifteen (15) days of notice from the District to correct such defect, the District shall have the right to use the Funds to correct such defect to the District's satisfaction and specifications referenced in the Extension Agreement; in such event, the District shall return any unused Funds thereon to the Developer within thirty (30) days of the end of the time period referenced in 2.03(a) above.

SECTION 3: PLEDGE AND SECURITY AGREEMENT

3.01 Developer hereby grants to the District, its successors and assigns, a security interest in the Funds, which Funds will be delivered to the District and placed in the District's possession and control. Developer further grants to the District a security interest in all proceeds of the Funds, whether in the form of profits, dividends, accrued interest or otherwise.

3.02 For purposes of the security interest granted herein, Bank shall be the agent of the District for possession of the Funds such that possession of the Funds by Bank shall be deemed to be possession of the Funds by the District.

3.03 Developer warrants that, except as provided for herein, Developer has full title to the Funds and the Funds are free and clear of any other security interest, encumbrance, or claim of right, title or ownership. Developer will not create or permit the existence of any lien or security interest other than that hereby created in the Funds without the express written consent of the District nor shall Developer assign any interest in the Funds without said written consent.

3.04 Developer agrees to repay to the District all sums which the District may expend or incur in conserving or protecting the Funds, or in enforcing its security interest herein, including without limitation such sums as may be charged by Bank or any governmental entity with respect to the Funds. The sums agreed to be paid herein shall be secured by this Agreement.

3.05 The District shall have the right to enforce and collect on its security interest in the Funds in accordance with the terms and provisions contained in this Agreement. Enforcement and collection of the District's security interest in the Funds shall be in addition to all other rights and remedies granted by law, equity or contract to the District to seek reimbursement of additional damages incurred and/or to enforce the provisions of the Extension Agreement and this Agreement, should the Funds be insufficient to discharge the Developer's obligations to the District.

SECTION 4: GENERAL PROVISIONS

4.01 This agreement shall serve as an addendum to the Extension Agreement and shall supersede and amend such Extension Agreement to the extent provided herein.

4.02 All time limits set forth herein are of the essence. All parties agree to perform all obligations under this Agreement with due diligence.

4.03 In the event that this Agreement or any obligation secured by it is referred to an attorney for protecting or defending the priority of the District's interest in the Funds, or for collection or realization procedures, Developer agrees to pay a reasonable attorney's fee, including fees incurred in both trial and appellate courts or fees incurred without suit, and all court costs and costs of the public officials. The sums agreed to be paid herein shall be secured by this Agreement.

4.04 The District will cause to be performed certain services by its legal counsel, engineers and District personnel to carry out the foregoing purposes, including but not limited to the preparation and administration of this and any related agreements and documents. The Developer agrees to pay the cost of such services as a condition of the District's agreement herein.

SAMMAMISH PLATEAU
WATER AND SEWER DISTRICT
("District")

("Developer")

By _____
Its _____

By _____
Its _____

_____ BANK hereby consents and agrees that it is the agent of SAMMAMISH PLATEAU WATER AND SEWER DISTRICT ("District") for purposes of possession by Sammamish Plateau Water and Sewer District of cash funds in the amount of _____ (\$_____), which funds the District has a security interest in pursuant to this Agreement and pursuant to RCW 62A.9-304.

DATED this _____ day of _____, _____.

_____ BANK ("BANK"),
_____ Branch
By _____
Its _____

