

**ESCROW INSTRUCTIONS
FOR
CULLY GROVE CONDOMINIUM**

TO: FIDELITY NATIONAL TITLE ("Escrow Agent")
INSURANCE COMPANY
Attn: Fara Laners
Fidelity National Title
700 NE Multnomah, Suite 1450
Portland, OR 97232

FROM: CULLY GROVE LLC ("Seller")
an Oregon limited liability company
6325 N. Albina Ave. #6
Portland, OR 97217

1. **Agreement for Escrow.** Seller intends to sell units in the Cully Grove Condominium, a condominium in the City of Portland, County of Multnomah, Oregon (the "Condominium"), through unit sales agreements that require the purchasers to make payments to Escrow Agent in accordance with the provisions of the applicable unit sales agreement and these Escrow Instructions. Escrow Agent shall hold and disburse all payments received under unit sales agreements or otherwise in connection with the sale and closing of the units in the Condominium pursuant to the terms and conditions of these Escrow Instructions and any subsequent instructions received from Purchaser and Seller. Seller intends to close all sales of units in the Condominium with Escrow Agent. However, subject to notice to the Oregon Real Estate Commissioner and an agreement by Seller and the new escrow agent to allow the Real Estate Commissioner to inspect the escrow, Seller reserves the right to use additional or substitute escrows for any or all sales of units in the Condominium without notice to Escrow Agent, except for sales that are in the process of closing, in which event escrow shall be terminated pursuant to Section 12 of these Escrow Instructions.

2. **Condominium Documents.** In due course, and before commencing closing any sales of Condominium units, Seller shall deposit with Escrow Agent copies of the Condominium Declaration and Bylaws of the Cully Grove Condominium Owners' Association ("Association"), together with a form of unit sales agreement and condominium unit special warranty deed. However, Seller reserves the right to change or amend those documents to the extent that Seller is permitted to do so by law and by any then-existing executed unit sales agreements. Seller shall also deposit with Escrow Agent any other documents reasonably requested by Escrow Agent.

3. **Deposit of Executed Unit Sales Agreement.** When and as Seller and purchasers execute unit sales agreements, Seller shall deposit them with Escrow Agent, together with all earnest money or additional purchase money received by Seller or real estate brokers acting as the agent for Seller from each respective purchaser. Each purchaser shall deposit with Escrow Agent all payments required to be made thereafter by the purchaser, including the balance of the purchase price, prorated items, and costs and fees payable by the purchaser through the escrow.

Escrow Agent, on receipt of any funds deposited by or on behalf of any purchaser, shall deposit the funds for the account of Seller and under Seller's Tax Identification Number _____ in an account with a federally insured bank or savings and loan association; provided, however, the funds

may be returnable to the purchaser pursuant to the terms and provisions of the applicable unit sales agreement. Escrow Agent may, in its discretion, open a separate account for each purchaser for the deposit of that purchaser's money only.

4. Purchaser's Representation; Loan and Credit Approval. Each purchaser of a Condominium unit shall represent that purchaser has sufficient funds available to close the sale in accordance with the applicable unit sales agreement and these instructions, and is not relying on any contingent source of funds unless otherwise set forth in the unit sales agreement. **IF A NEW LOAN IS REQUIRED, THE AGREEMENT IS SUBJECT TO PURCHASER AND THE PROPERTY QUALIFYING FOR THE LOAN.** Purchaser shall agree to make a written loan application in accordance with the applicable unit sales agreement and thereafter to complete the necessary application and loan papers and to exert his or her best efforts to procure the loan. If purchaser intends to pay in cash without obtaining a loan, purchaser shall furnish to Seller any credit information reasonably requested. If purchaser does not intend to pay in cash and cannot obtain a loan, the applicable unit sales agreement shall be terminated and purchaser's earnest money shall be refunded to purchaser.

5. General Closing Procedure. Escrow Agent agrees to proceed as follows to close sales of Condominium units as expeditiously as practicable and not later than the closing date set forth in the applicable unit sales agreement:

5.1 Documents and Instructions of Purchase Money Lenders. Escrow Agent agrees to obtain all documents from lenders of a purchaser and instructions from those lenders to execute and record all such documents and to issue any lender's title insurance policy. Escrow Agent shall, at closing or immediately thereafter, obtain loan funds from the lenders to be disbursed as here provided. With respect to all documents, funds and other items Escrow Agent "agrees to obtain," "shall collect" or the like in this Section 5.1 and any other Section of this Agreement, notwithstanding any other provision of this Agreement, Escrow Agent shall only be obligated to attempt to obtain such items and, if Escrow Agent is unable to obtain such items, Escrow Agent shall not close the transaction without Seller's further written authorization.

5.2 Requests to Purchaser. Escrow Agent agrees as instructed to request each purchaser to deposit the balance of the purchase price and all additional funds payable by purchaser for prorates, Condominium assessments and initial contributions, reimbursements to Seller, escrow fees, and other closing costs and to execute all documents necessary to complete the closing. The request of Escrow Agent for a purchaser to make the deposits and to execute the documents is not a precondition of Seller's right to any remedy arising from purchaser's default under any provision of the applicable unit sales agreement or these Escrow Instructions.

5.3 Requests to Existing Mortgagees and Other Lienholders. If necessary, Escrow Agent shall request from the holders of any existing liens partial or complete releases of their liens and cancellation of existing financing statements, if any, for each Condominium unit to be conveyed to purchasers who have fulfilled their respective obligations under applicable unit sales agreements. It is understood that any lienholders may require that releases can be recorded only if they receive such portion as they may specify of the sales proceeds attributable to each Condominium unit.

5.4 Requests to Seller. Escrow Agent shall request from Seller, and Seller shall provide, executed condominium unit special warranty deeds and for all Condominium units, as applicable, the sales of which are being closed pursuant to these Escrow Instructions, and any other documents

reasonably requested by Escrow Agent.

5.5 Recording and Title Insurance Policies. On the deposit by each purchaser of all sums due pursuant to the terms and provisions of his or her respective unit sales agreement, on the receipt of all documents necessary to close each sale, and after recording the Condominium Declaration and the Bylaws of the Association, and provided that escrow instructions contradictory to this Agreement have not been provided to Escrow Agent by either Purchaser or Seller (unless accepted in writing by the other party), Escrow Agent shall record the releases of liens and any cancellation of financing statements, the condominium unit warranty deed and shall record or file any security instruments required by a purchaser's lender, provided that Escrow Agent can cause to be issued within 30 days after the date thereof, an owner's title insurance policy in standard form, insuring, in the principal amount of the purchase price, the purchaser's interest in the Condominium unit and the common elements appertaining thereto, free and clear of all liens and encumbrances except for the usual printed exceptions in such policies, those referred to in Section 3.2 of the applicable unit sales agreement, and any liens or encumbrances placed on a Condominium unit by each respective purchaser or acceptable to each purchaser. If requested by any purchaser's lender, Escrow Agent shall also cause to be issued a mortgagee's title insurance policy from the title insurance company named by the lender and if Escrow Agent is paid the premium for such policy by the purchaser at or before closing, insuring the interest of the lender, subject to the same exceptions.

5.6 Notices, Supplementary Instructions, and Time Sequences. To facilitate the performance of its obligations hereunder, Escrow Agent may notify each purchaser that sums are due and payable under each purchaser's respective unit sales agreement, shall prepare and forward to all interested parties any supplementary closing instructions, and may vary the time sequence of the performances required on the part of Escrow Agent as may be required or necessary to permit Escrow Agent to close each respective sale of a Condominium unit. Seller shall provide to Escrow Agent the calculations of amounts due from Purchaser.

5.7 Prorates and Reimbursements. Escrow Agent shall prorate between Seller and each purchaser all property taxes, prepaid insurance premiums, if applicable, and Association assessments as of the earlier of (a) the date of closing; (b) the date of purchaser's possession of the Condominium unit, except when possession is pursuant to a rental agreement; or (c) the date before or on which closing is to occur as set forth in Section 3.1 of the unit sales agreement. Escrow Agent shall collect from purchaser the sums for which purchaser is obligated to reimburse Seller pursuant to Section 3.6 of the applicable unit sales agreement.

5.8 Charges Against Seller. Seller shall pay the premium for the standard owner's title insurance policy, any sales commissions incurred by Seller, recording fees for any partial and full releases, one-half of the escrow fee, and one-half of any transfer taxes, if any.

5.9 Charges Against Purchasers. Each purchaser shall agree to pay a working capital contribution to the Association equal to one month's assessments for the Unit, one-half of any transfer taxes, any charge for delay in closing as provided in the applicable unit sales agreement, payment of the initial assessment of the Association, recording fees for the condominium unit warranty deed, one-half of the escrow fee, any sales commissions incurred by purchaser, and all fees, costs, and expenses in connection with purchaser's loan, if any, including mortgagee's title insurance premium, premiums for any endorsements or extended coverage for the owner's title insurance policy and recording costs for any security instrument that purchaser's lender requires to be recorded or filed. Purchaser's portion of the

escrow fee shall equal one-half the fee normally charged by Escrow Agent with respect to the closing of a single, isolated sale of a condominium unit at the same price as that agreed on between Seller and purchaser for the unit being sold pursuant to the Condominium unit sales agreement.

5.10 Disbursements. After closing, the total purchase price, plus or minus the adjustments described above, shall be delivered as required by Seller's lienholders, if any, with the balance to Seller. The recorded Condominium unit warranty deed and the owner's policy of title insurance shall be delivered to purchaser. All assessments of the Association collected by Escrow Agent shall be paid to the account of the Association, as Seller may direct.

6. Refund to Purchaser. Subject to the provisions of Sections 10 and 11, if at any time Escrow Agent receives notice of termination from a purchaser based on default by Seller as provided in Section 4.1 of the applicable unit sales agreement, Escrow Agent shall notify Seller of the notice, and, upon execution of additional instructions by Seller in a form satisfactory to Escrow Agent, Escrow Agent shall pay the funds to purchaser. The applicable unit sales agreement shall be returned to Seller and the escrow, with respect to that particular sale, terminates.

7. Acceptance of Payments. Escrow Agent is authorized to accept any payments tendered to it to be applied to the purchase of a Condominium unit pursuant to a unit sales agreement, whether the payments constitute all or only a portion of any payment due by a purchaser, unless and until Seller has notified Escrow Agent in writing to the contrary. Thereafter, Escrow Agent shall refuse to accept any payment from a purchaser unless it is the full amount required to be paid by purchaser pursuant to the applicable unit sales agreement and these Escrow Instructions. Any payments made to Escrow Agent by check or in a form other than in legal tender shall be credited conditionally at the time of receipt and shall be considered as conditional payments until acceptance and payment by the drawee, payor bank, or maker. Seller agrees to refund any remittance made by Escrow Agent to Seller in reliance on a check that is subsequently dishonored.

8. Default by Purchaser. Subject to the provisions of Sections 10 and 11, if at any time Seller certifies in writing to Escrow Agent that a purchaser has defaulted under the terms of an applicable unit sales agreement, that Seller has notified purchaser of the default, and that purchaser within 10 days after receipt of the notice has failed to cure the default, Escrow Agent shall, on instruction by Seller, thereafter treat money deposited by that purchaser, pursuant to the terms and provisions of the applicable unit sales agreement, as funds of Seller and not as funds of purchaser. However, Escrow Agent shall not disburse the funds unless it has received separate joint instructions at any time even if received before the default has occurred, it has been ordered by a court to do so, or either party has obtained a judgment holding that the funds belong to the party.

9. Escrow Agent's Right to Require Approval of Documents. Escrow Agent may require Seller, a purchaser, or any lender to approve any documents under which Escrow Agent is or may be required to act.

10. Liability of Escrow Agent.

10.1 Escrow Agent has no duty to determine that construction of any new units is complete or that the condition of any new or existing units conforms to any set standard, and is entitled to rely on the recordation of the Condominium Declaration in determining that the Condominium has been created.

10.2 The parties understand that, in consideration of the acceptance of this escrow by Escrow Agent, Escrow Agent is considered and held as a depository only and is not responsible or liable in any manner whatsoever for the sufficiency or correctness regarding form, manner of execution, genuineness, or validity of any instrument deposited in this escrow, nor regarding the identity, authority, or rights of any person executing or depositing the same. Escrow Agent is under no obligation to ascertain the terms or conditions of any such instruments or to comply in any respect with the terms thereof, and it is not liable for any loss that may occur by reason of forgeries, false representations, or the exercise of Seller's discretion in any particular manner, or for any other reason except Escrow Agent's own negligence or misconduct. Except with respect to Escrow Agent's separate capacity as a title insurance company, if Escrow Agent is also acting in that capacity, Escrow Agent assumes no responsibility regarding the condition of the title to any of the properties involved or regarding any assessments, liens, or encumbrances against the property, and Escrow Agent's duties are limited to the safekeeping of the money, instruments or other documents received by it as the escrow agent and for the delivery of the same in accordance with these Escrow Instructions.

10.3 Notwithstanding anything to the contrary here, Escrow Agent has no duty to know or determine the performance or nonperformance of any terms or conditions of any contract or agreement between Seller and purchaser. The duties and responsibilities of Escrow Agent are limited to those specifically stated here.

11. *Disputes and Controversies.* If any controversy arises between a purchaser and Seller or between other persons, Escrow Agent is not required to resolve the controversy or to take any action in connection with it, but may await the settlement of any such controversy by final appropriate legal proceedings or otherwise, or may, in its discretion, institute appropriate interpleader or other proceedings in connection with the controversy as it may deem proper. If Escrow Agent becomes involved in litigation as the result of any disagreement between Seller and a purchaser, including interpleader brought by it, all parties are jointly and severally liable to Escrow Agent and agree to reimburse it on demand for all costs, expenses, and attorney fees that it incurs or is compelled to pay because of the litigation.

12. *Termination.* The agreement contained in these Escrow Instructions terminates on the closing of the sales of all Condominium units with respect to which deposits have been made with Escrow Agent and the final disbursement of all escrow funds held by Escrow Agent pursuant to these Escrow Instructions. However, Seller may terminate these Escrow Instructions by giving 30 days' notice in writing to Escrow Agent, whereupon Escrow Agent shall promptly deliver all money and other documents held by it to a new escrow holder as provided hereafter and give Seller and purchaser a final accounting of all sums received, held, and disbursed by Escrow Agent within 15 days thereafter. If these Escrow Instructions are so terminated, Seller shall appoint as the new escrow agent a state or nationally chartered bank or savings and loan association or a title insurance company authorized to act as an escrow agent in the State of Oregon.

13. *Reports.* During the term of these Escrow Instructions, Escrow Agent shall render to Seller once every 30 days, or on demand by Seller, an accounting of all funds received, held, and disbursed by Escrow Agent. Escrow Agent recognizes that time and performance are of the essence to Seller in the sale of Condominium units, and agrees to undertake promptly and faithfully all actions required of Escrow Agent here to close sales and to report to Seller all delays and defaults existing for a period longer than 10 days.

14. **Inspections by Oregon Real Estate Commissioner.** All pertinent documents held by Escrow Agent with respect to the purchase of a Condominium unit shall be open for the reasonable inspection of the Oregon Real Estate Commissioner or his or her designee at all reasonable times. However, neither Seller nor Escrow Agent is required to disclose confidential information or documents concerning a purchaser without the purchaser's prior written authorization, or as to Escrow Agent, upon demand by the Oregon Real Estate Agency.

15. **Binding Effect.** These Escrow Instructions are binding on and inure to the benefit of the parties and their heirs, personal representatives, assigns, and successors.

DATED: April 3, 2011

Cully Grove LLC, an Oregon limited liability company

By: Eli Spevak
Eli Spevak, Managing Member

By: Zachariah D. Parrish
Zachariah D. Parrish, Managing Member

Escrow Agent accepts these instructions and agrees to carry out the duties of Escrow Agent as provided herein.

Dated: 4/4, 2011

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By: [Signature]

Its: SED