

## CONSTRUCTION LOAN DISBURSEMENT AGREEMENT

This Agreement is entered into **December 19, 2024**, by and between (**First American Title Insurance Company**), a **Minnesota** Corporation [hereinafter call "Escrow Agent"], **Woodland Bank and Grand Rapids Economic Development Authority** [hereinafter called "Lender"], and **Eclipse Building Partners, LLC** [hereinafter called "Borrower"], and Hawk Construction [hereinafter called "Contractor"]..

WHEREAS, Lender and Borrower have entered into a Construction Loan which is secured by a Note and a Mortgage on the land described in "Exhibit A" attached, and pursuant to which Lender has agreed to make advances to Borrower in the principal amount of **\$540,955.00 (Woodland Bank); \$200,000.00 (GREDA Commercial Building Improvement); \$105,000.00 (GREDA Redevelopment); \$50,000.00 (GREDA Downtown Mandated Building Improvement)**.

WHEREAS, Lender and Borrower desire that Escrow Agent disburse the advances made by Lender under the Construction Loan, and Escrow Agent is willing to do so on the terms set forth herein;

THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and the sufficiency of which is hereby acknowledged, the parties agree as follows;

1. At the request of Borrower, Lender will deposit with Escrow Agent from time to time undisbursed funds of the Construction Loan.
2. Escrow Agent is authorized and directed to disburse funds deposited pursuant to this Agreement, to:
  - a. Pay costs of construction of the improvements to be made to the described land.
  - b. Obtain releases and satisfactions of liens and other encumbrances if any, pursuant to statements of amounts due, which must be approved by Borrower.
3. Prior to the first disbursement of funds hereunder, Escrow Agent must be furnished the following items:
  - a. Approval by Lender of the Commitment for a Loan Policy of title insurance on the land. Lender's approval shall be in the form of a Letter of Instruction to the Escrow Agent.
  - b. Sworn Construction Statement disclosing all of the various contracts entered into, and setting forth the names of the contractors, material suppliers, and other parties with whom contracts have been entered into, their addresses and phone numbers, material and/or work to be furnished, and amounts of the contracts.
4. Prior to each and every disbursement of funds, Escrow Agent must be furnished the following items:
  - a. Sworn Construction Statement setting forth all contractors, material suppliers, and other parties with whom contracts have been entered into, the amount of each contract, the amount paid-to-date, the amounts being requested, and the balances due.
  - b. Draw Request signed by Borrower for the requested disbursement.
  - c. Current invoices from contractors, material suppliers, and other parties, which correspond to the amounts to be disbursed (plus any retainage).

- d. Approval by Lender of the relevant Draw Request, along with written instructions to disburse the funds.
  - e. Sufficient funds to cover the requested disbursement.
  - f. Sufficient funds to cover unpaid title and escrow charges.
  - g. Unconditional, full (not partial except for any retainage), current up-to-date Lien Waivers; and releases of Mechanic's Liens if necessary; satisfactory to Escrow Agent.
5. Not later than five business days following receipt of the documents delivered to it pursuant to the above paragraph, Escrow Agent will orally notify Lender as to whether or not the delivered documents are satisfactory. If documents are not satisfactory or are missing, Escrow Agent will advise Lender. If the documents are supplied to the satisfaction of Lender and Escrow Agent or if Lender is initially notified by Escrow Agent that the documents delivered to it are satisfactory, Lender will [on the requested date of disbursement] transmit to Escrow Agent the amount of the disbursement applied for in the relevant Draw Request [or so much thereof as Lender may approve], by transfer of such funds to Escrow Agent for deposit in Escrow Agent's Bank Account No. **3007920000** maintained with **First American Trust, FSB**.
  6. Upon receiving the funds transmitted by Lender pursuant to the above paragraph, Escrow Agent will disburse directly to each sub-contractor, supplier, and other party identified in the relevant Draw Request, the amounts shown therein; or if less, the amount approved by Lender. The disbursement checks may be stamped with a full payment to date to check Lien Waiver.
  7. Escrow Agent shall not be liable for interest on funds deposited with it.
  8. Escrow Agent will keep and maintain books and records in sufficient detail to reflect the disbursements made by it pursuant to this Agreement. Lender may during normal business hours examine the books and records of Escrow Agent pertaining to those disbursements.
  9. Escrow Agent does not keep track of payee information and disbursements for 1099 reporting to the IRS. The Contractor (or whoever acts as Contractor) should do that reporting.
  10. After Escrow Agent makes a disbursement of proceeds, it will upon request furnish Lender with an Endorsement to the title insurance Loan Policy, if that policy was issued by Escrow Agent.
  11. No liability is assumed by Escrow Agent to Borrower or Contractor for protection against Mechanic's Liens.
  12. Functions and duties assumed by Escrow Agent include only those described in this Agreement, and Escrow Agent is not obligated to act except in accordance with the terms and conditions of this Agreement. Escrow Agent does not insure that the improvements will be completed, nor that any improvements will be in accordance with the plans and specifications, nor that sufficient funds will be available for the completion of improvements.
  13. Borrower shall pay all title and escrow charges as they are incurred, which charges are to be considered a cost of construction. Escrow Agent shall be paid **\$250.00** as the fee for disbursing up to the first **four draw** requests, and **\$n/a** for each additional draw request that it disburses, which fees shall be paid as the draws occur.

14. At any time prior to disbursing funds, Escrow Agent reserves the right to decline any risk offered for insurance, whereupon it may return to Lender any documents in its possession relating to the loan and any funds received.
15. When after any disbursing, a subsequent title search reveals an encumbrance over which Escrow Agent is unwilling to insure, it will notify Lender and may discontinue further disbursement until the encumbrances has been disposed of to Escrow Agent's satisfaction. A Mechanic's Lien does not warrant a discontinuance of disbursement, if one and one-half times the amount of the lien is deposited with Escrow Agent as security against the lien.
16. Escrow Agent shall not be responsible for any losses of documents or funds while such documents or funds are not in its custody. Documents or funds which are deposited in the United States mail shall not be construed as being in the custody of Escrow Agent.
17. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.
18. This Agreement can be amended or modified only by a written Amendment signed by the parties hereto.

**First American Title Insurance Company**  
**Escrow Agent**

By: \_\_\_\_\_  
**Beverly Swenson**  
Title: Escrow Officer

**Woodland Bank**  
**Lender**

By: \_\_\_\_\_  
**Wayne Bruns**  
Title: Vice President-Commercial Lending

**Grand Rapids Economic Development Authority**  
**Lender**

By: \_\_\_\_\_  
**Rob Mattei**  
Title: Director of Community Development

**Eclipse Building Partners, LLC**  
**Borrower**

By: \_\_\_\_\_  
**Daniel Margo**  
Title: Member

**HAWK Construction**  
**Contractor**

By: \_\_\_\_\_  
**Beau Geisler**  
Title: Project Manager

