



First American

First American Title Insurance Agency, Inc.
600 West Gurley Street
Prescott, AZ 86305
Phn - (928)445-4361
Fax - 1-(866)547-8593

Escrow No. 250-4770669

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement" or the "Agreement") is made and entered into as of the 25th day of October, 2006, by and between ICR Sanitary District, a special taxing district formed pursuant to A.R.S. §§ 48-101 et seq. and 48-2001 et seq. ("District"), Harvard Simon I, L.L.C., an Arizona limited liability company ("Developer"), and FIRST AMERICAN TITLE INSURANCE AGENCY, INC. of YAVAPAI, an Arizona corporation ("Escrow Agent").

RECITAL:

- A. District and Developer desire to employ Escrow Agent to act as an escrow depository of monies received pursuant to the terms of the Memorandum of Understanding dated October 16, 2006 between Developer and District ("Memorandum"), attached as Exhibit A. In connection therewith, District and Developer desire to create Escrow Agent's escrow account no. 250-4770669 (the "Escrow Account"). The District and Developer understand that the extent of the obligation of Escrow Agent hereunder is to receive, invest, and disburse monies in the manner hereinafter set forth, and Escrow Agent shall have no other obligations whatsoever hereunder to said parties.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties hereto agree as follows:

AGREEMENT:

1. **Accuracy of Recital:** District, Developer and Escrow Agent agree that the foregoing Recital is true and correct.
2. **Funding:** Funding is pursuant to the Memorandum. The funds will be forwarded to Escrow Agent by wire transfer or cashier's check or other form of payment acceptable to Escrow Agent.
3. **Escrow Funds:** The escrow funds are to be invested (and reinvested from time to time, as necessary) by the Escrow Agent in interest bearing funds with a FDIC insured bank during the term of this Escrow Agreement, in a manner that shall maximize the interest as approved by District and Developer.
4. **Disbursement:** Disbursement is pursuant to the Memorandum. Escrow Agent shall disburse funds to the Developer pursuant to the Memorandum within ten (10) days after receipt of written approval from the Developer and District.
5. **Specimen Signatures:** District and Developer shall furnish to Escrow Agent such information as required by Escrow Agent setting forth names and specimen signatures of authorized parties of District and Developer whose signature Escrow Agent shall accept on disbursements.

Developers Initials: 

District Initials: 

6. Other Disbursements: Upon written request from both District and Developer, Escrow Agent shall disburse funds to designated payees as provided by the District and Developer during the term of this Escrow Agreement.
7. Requests of Accounting: Upon request of either District or Developer, Escrow Agent's record of accounting for funds received and disbursed, on Escrow Agent's form, shall be furnished to the requesting party by the Escrow Agent.
8. No Third Party Beneficiary: This Escrow Agreement is made and executed for the sole benefit of District, Developer and Escrow Agent, and it is the intention of the parties hereto that no contractor, vendor or supplier shall be or shall be considered to be a third party beneficiary, either incidentally or direct, of this Escrow Agreement.
9. Indemnification; Conflicting Demands: Developer hereby indemnifies and promises to save harmless Escrow Agent against all costs, damages, attorneys fees, expenses and liabilities which it may incur or sustain in connection with this Escrow Agreement, except as may be caused by Escrow Agent's willful misconduct or negligence, or any court action arising therefrom, and will pay the same upon demand. If conflicting demands are made upon Escrow Agent, Escrow Agent shall hold any money or documents subject to such conflicting demands until the rights of the parties making such conflicting demands are determined by arbitration, or Escrow Agent may interplead such parties, whereupon Escrow Agent shall be fully relieved of all liability in regard to such demands.
10. Escrow Agent's Fees: Escrow Agent is hereby authorized to deduct from first monies available, its fee in the amount of \$500.00.
11. Arbitration.
 - a) Any objection to a disbursement or other dispute related to this Escrow Agreement shall be resolved by an experienced construction manager or engineer reasonably acceptable to both parties; if the parties are unable to agree on an arbitrator within ten (10) days, either party may request the American Arbitration Association to appoint a neutral arbitrator.
 - b) The unsuccessful party shall pay all reasonable costs and fees, including attorney's fees, of the prevailing party and costs and fees of the arbitrator.
 - c) The parties agree that with respect to all aspects of the arbitration process contained herein they will conduct themselves in a manner intended to assure the integrity and fairness of that process. To that end, if a dispute is submitted to arbitration, the parties agree that they will not contact or communicate with the arbitrator who was appointed as arbitrator with respect to any dispute either ex parte or outside of the contacts and communications contemplated by this Section 11, and the parties further agree that they will cooperate in good faith in the production of documentary and testimonial evidence in a prompt and efficient manner to permit the review and evaluation thereof by the other parties.
 - d) The decision of the arbitrator with respect to any dispute shall be final and binding on all parties and not subject to appeal, in the absence of fraud, and the prevailing party may enforce the same by application for entry of judgment in any court of competent jurisdiction or by other procedures established by law.
 - e) The parties agree that time is of the essence with respect to the resolution of any disputes arising hereunder.
 - f) The arbitrator shall render his decision within thirty (30) days of appointment.

Developer Initials:



District Initials:

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- 12. **Limitation of Liability:** Notwithstanding any other provision of this Escrow Agreement, Escrow Agent has no responsibility or liability regarding the Memorandum except to the extent that Escrow Agent may fail properly to perform or disburse money pursuant to these instructions.
- 13. **Binding Effect:** This Escrow Agreement shall be binding upon and shall inure to the benefit of the heirs, representatives, successors and assigns of the parties hereto.
- 14. **Cancellation:** This Escrow Agreement may be cancelled only upon written approval of all parties hereto except as otherwise provided in this Escrow Agreement. Upon cancellation, the balance of funds in the Escrow Account shall be disbursed as instructed by District and Developer.
- 15. **Counterparts:** This Escrow Agreement and any amendments hereto may be executed in one or more counterparts, each of which shall be deemed an original, but when taken together shall constitute but one instrument.


IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the dated first set forth hereinabove.

Dated 10-26-06

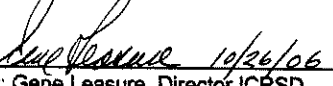
Dated 10-26-06

Harvard Simon I, L.L.C,
 An Arizona limited liability company,
 By: Harvard Talking Rock, L.L.C.,
 An Arizona limited liability company,
 Its Operating Member,
 By: Harvard Investments, Inc.,
 A Nevada corporation,
 Its Manager


Inscription Canyon Ranch Sanitary District, a
 special taxing district


 By: Craig L. Krumwiede


 By: Dayne Taylor, Chairman ICRSD


 By: Gene Leasure, Director ICRSD


 By: Clint Poteet


 By: Charles Turney, Director ICRSD

 "Developer"
 First American Title Insurance Agency, Inc.

 Paula Cartafnes, Escrow Officer
 pcartafnes@firstam.com

 "District"

=====
 "Escrow Agent"
 Developer Initials: CO

District Initials: MT CT

Exhibit A

MEMORANDUM OF UNDERSTANDING

A handwritten signature consisting of a large, stylized loop.Handwritten initials and a signature, including the letters 'MS' and '09T'.

**Memorandum of Understanding
Between Harvard Simon I.L.L.C. and Inscription Canyon Ranch
Sanitation District**

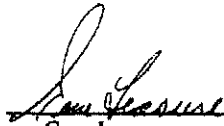
10/16/2006

The ICRSD Board of Directors agrees to lift the 2006 Moratorium for sewer service and connections in Talking Rock Ranch.


Harvard Simon I.L.L.C. in turn shall:

1. Open an Escrow Account, (Agent: The First American Title), with a deposit of \$500,000 by Harvard Simon I.L.L.C., under the joint control of Harvard Simon I.L.L.C. and ICRSD.
2. Disclosure and accounting of all previous fees collected and dispersed in the name of the District. The remaining unused funds in excess of \$500,000 shall be deposited in the above escrow account. All new lot sales sewer fees shall go to this account when Harvard Simon I.L.L.C. works the Pivotal agreement to this resolve.
3. Disbursement of escrow funds: Funds shall be released for Harvard Simon I.L.L.C. share any and all requirements that are pertinent to the construction, repair, and/or expansion of the New Waste Water Treatment Plant for the Inscription Canyon Ranch Sanitary District.
4. Harvard Simon I.L.L.C. guarantees to completely fund their share the new waste water treatment plant that the ICRSD Board selects. Harvard Simon I.L.L.C. shall fund the waste water treatment plant to what is needed to have sufficient capacity at build out.
5. Pivotal shall not bring any claims against ICRSD. Harvard Simon I.L.L.C. agrees to indemnify and defend the ICRSD against any such claims, liability or lawsuits arising under the contract between Pivotal and Harvard Simon I.L.L.C. (which included either ICRSD as a party by its "consent" or at least ICRSD as the third-party beneficiary under the contract).


Dayle Taylor
Chairman ICRSD


Gene Leasure
Director ICRSD


Charles Turney
Director ICRSD


Craig Krumwiede
President
Harvard Simon I.L.L.C.

Page 1 of 1



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