



## APPENDIX A

# Sample Escrow Fee Agreement

Catherine Kaufman - Last update: 2/20/2026

As outlined in the Application Review chapter of *Balancing the Books*, reviewing large-scale wind and solar project applications often exceeds the costs covered by standard fees, especially when specialized expertise is needed. To address this, many municipalities use escrow agreements funded by applicants to cover additional review expenses. This appendix provides sample language for establishing an escrow fee agreement, helping communities ensure comprehensive and fair project review while clearly outlining payment responsibilities and expectations.

This sample language is meant to be a starting point for dialogue between officials and municipal attorneys. Any agreement language must be thoroughly reviewed by a municipal attorney to fully consider its implications and ensure consistency and integration within the existing escrow policy. *You may wish to reference the existing escrow policy as well as relevant sections pertaining to renewable energy in your ordinance to ensure consistency and appropriate integration.*

---

### ESCROW FEE AGREEMENT

This Escrow Fee Agreement ("Agreement") is made and entered into this \_\_\_\_ [e.g., 1st day of January, 2026], by and between \_\_\_\_ [applicant name, e.g., ENERGY COMPANY LLC], a \_\_\_\_ [e.g., limited liability] corporation (the "Applicant") and \_\_\_\_ [jurisdiction name], a duly formed Michigan municipal general law \_\_\_\_ [e.g., township] (the "Township," and, collectively with the Applicant, the "Parties," and each individually a "Party").

#### RECITALS

**WHEREAS**, the Applicant is seeking approval for a \_\_\_\_\_ system project known as "\_\_\_\_\_" on the property located at Tax parcel(s) \_\_\_\_ [e.g., XX-XXX-XX-XX] (the "Project"); and

**WHEREAS**, the Applicant has made application for a \_\_\_\_ [permit type, e.g., Special Land Use Permit "SLUP"] for the Project, pursuant to the requirements of the \_\_\_\_ [local government name] zoning ordinance ("Ordinance"); and

**WHEREAS**, the Applicant has agreed to deposit funds into an escrow account and replenish the same at the request of the \_\_\_\_ [e.g., Township] to cover all review costs;

**NOW, THEREFORE**, the Applicant and the \_\_\_\_ [e.g., Township] hereby agree as follows:

## 1. Deposit of Escrow Funds

The Applicant shall deposit the sum of \_\_\_\_\_ dollars (e.g., \$10,000-\$25,000) (the "Escrow Fund") with the \_\_\_\_ [e.g., Township] upon the execution of this Agreement. The initial deposit amount was determined by the \_\_\_\_ [e.g., Township] and agreed to by the Applicant based on the estimated \_\_\_\_\_ [permit type, e.g., SLUP] review costs required due to the type, nature, and size of the Project.

**COMMENTARY:** Determining an appropriate escrow amount can be challenging. Some local governments address this by establishing an initial starting amount and requiring replenishment as review costs accrue (see Section 3 below). When specifying the escrow amount, local governments and their attorneys should consider a reasonably comfortable buffer. This approach minimizes the need for frequent replenishments, which can cause delays in covering review costs and ultimately in the processing of the application. However, it's important to prioritize reasonableness—an escrow amount set too high may place an unnecessary burden on the developer. The intent is simply to cover the actual costs associated with the review, with any unused funds returned to the applicant.

## 2. Purpose of Escrow Funds

The Escrow Fund shall be used by the \_\_\_\_ [e.g., Township] to pay for all reasonable and necessary costs associated with the review of the \_\_\_\_\_ [permit type, e.g., SLUP] for the Project, including but not limited to:

- Professional and Engineering Reviews
- Site Plan Reviews
- Legal fees

and any other reasonable costs incurred by the \_\_\_\_ [e.g., Township] in processing and reviewing the Applicant's \_\_\_\_\_ [permit type, e.g., SLUP] application for the Project.

**COMMENTARY:** It is important to clarify what components the escrow funds may be used for. Municipal attorneys can help determine the appropriate level of specificity, ensuring that policies are detailed enough to provide transparency and predictability for applicants, while retaining sufficient flexibility to address unforeseen review expenses as they arise.

## 3. Replenishment of Escrow Funds

The \_\_\_\_ [e.g., Township] shall monitor the balance of the Escrow Fund. The \_\_\_\_ [e.g., Township] may notify the Applicant in writing to replenish the Escrow Fund if the escrow falls below \$\_\_\_\_\_ [e.g., \$5,000]. The Applicant must replenish the fund within \_\_\_\_ [e.g., 14] days of receiving notice of the escrow deficiency from the \_\_\_\_ [e.g., Township]. If the Applicant fails to replenish the Escrow Fund within \_\_\_\_ [e.g., 14] days of receiving the \_\_\_\_ [e.g., Township]'s notice, the \_\_\_\_ [e.g., Township] may suspend the \_\_\_\_\_ [permit type, e.g., SLUP] review process until the Escrow Fund is replenished to the initial sum of \$\_\_\_\_\_ [same amount as indicated above].

#### 4. Disbursement of Escrow Funds

On a monthly basis, the \_\_\_\_ [e.g., Township] shall provide a report to the Applicant detailing the costs incurred for the Project review during the preceding month. Upon receipt of the current report, the Applicant shall have \_\_\_\_ [e.g., 5] business days to challenge the amount claimed for disbursement. If the Applicant chooses not to challenge or fails to challenge the invoiced amount within \_\_\_\_ [e.g., 10] business days of receipt, the \_\_\_\_ [e.g., Township] may proceed to disburse funds from the Escrow Fund to the \_\_\_\_ [e.g., Township].

If the Applicant challenges the amount claimed on a report within \_\_\_\_ [e.g., 10] business days of receipt, representatives of the Applicant and the \_\_\_\_ [e.g., Township] shall meet to discuss and resolve the challenge at the earliest opportunity convenient to both parties. If, after meeting to discuss the challenged amount, the parties are unable to resolve the dispute, either Party may pursue any rights and remedies available to them under law or equity, including legal action.

The \_\_\_\_ [e.g., Township] shall provide the Applicant with a copy of all invoices and disbursement records upon request.

**COMMENTARY:** Accurate accounting is essential to administering an escrow. Staff typically coordinate closely with the clerk or treasurer to track review-related expenditures and provide timely documentation to the developer, especially when additional funds are needed. Detailed invoices can help minimize disputes and improve transparency.

#### 5. Administration and Accounting

The \_\_\_\_ [e.g., Township] shall maintain the Escrow Fund in a segregated, non-interest-bearing account at a financial institution of its choosing.

All costs associated with the administration of the escrow account, including any fees charged by the financial institution, shall be paid from the Escrow Fund.

#### 6. Termination and Refund of Escrow Funds

Upon final approval of the Project \_\_\_\_ [permit type, e.g., SLUP] and payment of all outstanding fees, or upon official withdrawal or denial of the \_\_\_\_ [permit type, e.g., SLUP] application, the \_\_\_\_ [e.g., Township] shall provide a final accounting to the Applicant.

Any remaining balance in the Escrow Fund shall be refunded to the Applicant within \_\_\_\_ [e.g., 10] business days of the final accounting. If the amount remaining in the Escrow Fund is insufficient to pay any outstanding \_\_\_\_ [permit type, e.g., SLUP] review costs, the Applicant shall pay the final amount due to the \_\_\_\_ [e.g., Township] within \_\_\_\_ [e.g., 30] days of receipt of the final accounting, subject to the right to challenge the amount due according to the provisions of Section 4 above.

The \_\_\_\_ [e.g., Township] reserves the right to seek additional reimbursement from the Applicant for any costs that exceed the amount remaining deposited in the Escrow Fund.

## **7. Right to Legal Action**

The \_\_\_\_ [e.g., Township] shall be permitted to take any legal action or pursue any other rights or remedies available under law to collect its fees and costs, including assessing the Applicant for all legal fees and costs incurred in the collection process, and to enforce the terms of this Agreement.

The Applicant shall be permitted to take any legal action or pursue any other rights or remedies available under law to dispute any amount claimed by \_\_\_\_ [e.g., Township] according to the terms of Section 4 above, to dispute any Escrow Fund disbursements made by the \_\_\_\_ [e.g., Township], and to enforce the terms of this Agreement.

## **8. Governing Law and Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan and any legal action shall be filed in the \_\_\_\_\_ Circuit Court, in the State of Michigan.

## **9. Notices**

Any notices required under this Agreement shall be sent in writing to the following addresses:

If to the Applicant:

NAME OF APPLICANT

ADDRESS

CITY, STATE ZIP

ATTN: General Counsel

E-Mail:

Telephone:

If to the \_\_\_\_ [local government jurisdiction name]:

NAME OF THE JURISDICTION

ADDRESS

CITY, STATE ZIP

Any written communication will be deemed to have been given or made on the day on which it was delivered if it is received before 5:00 p.m. on the day in question or, if such day is not a business day or if such written communication is received after 5:00 p.m., then delivery will be deemed to have occurred on the next following business day. Either Party may from time to time change its address for service hereunder by notice to the other Party. Any notice, request, demand or other instrument which may be required or permitted to be delivered, given or served upon either Party will be sufficiently delivered, given or served upon the Party in question, if in writing, and if either delivered by hand or if sent by certified mail (return receipt requested), courier or nationally recognized overnight delivery service, mailed to the addresses specified above.