

Borough of Highlands Workflow for Escrow Accounts and Performance Guarantees

APPLICATION SUBMITTED TO THE PLANNING/ZONING BOARD

**** ALL FUNDS ARE TO BE DEPOSITED WITH THE BOROUGH CLERK ****

Planning/Zoning Board Review Escrow

Requires Escrow Amount-Board Professional Fees
Used for Board Attorney, Planner, Board Engineer Review
& Approval of Application

N.J.S.A.40:55D-53.2 | Ord. 21-107 (Escrow Amount)

Inspection Escrow

Municipal Engineer Determines Escrow Amount for
Performance Engineering Fees
Used for Engineering Inspections

N.J.S.A.40:55D-53.4

Municipal Engineer

Establishes Performance Guarantee Amount

N.J.S.A.40:55D-53.4 | Ord. 21-60

Chief Financial Officer

Establishes escrow accounts for deposit of funds for
application review, inspections and guarantees

N.J.S.A.40:55D-53.1

Professional (Attorney/Engineer)

Submits Voucher to municipality for review of applications for development, review and preparation of documents,
inspection of improvements

N.J.S.A.40:55D-53.2a

Informational copy of Voucher and Statements for
services rendered copied to Applicant and Chief
Financial Officer

N.J.S.A.40:55D-53.2c

Chief Financial Officer

Makes all the payments to professionals for services
rendered

N.J.S.A.40:55D-53.2a

Creation of Escrow Accounts and Technical Review Fees

In addition to the [established nonrefundable fees](#) for each application filed, the applicant shall reimburse the Borough for all professional or technical review fees deemed necessary or desirable by the Board, and shall establish an escrow fund with the Borough Treasurer to pay such fees or charges. The escrow fund shall be utilized to reimburse the Borough for all costs, which are reasonable and related to the review of such application.

The applicant shall be required to make a deposit to the escrow account in an amount equal to double the application fee, but not less than seven hundred fifty (\$750.00) dollars.

After approval of an application and prior to the start of construction, the applicant shall post engineering inspection fees determined in accordance with the provisions of N.J.S.A. 40:55D-53h and 53.4. Inspection fees shall be five (5%) percent of the cost of improvements, with a minimum of five hundred (\$500.00) dollars.

Additional escrow funds, equal to twenty-five (25%) percent of the applicable escrow fee, will be required upon submission of a revised plan for review by Board professionals.

Additional escrow funds shall be required when the balance of any escrow account reaches twenty (20%) percent of the initial deposit. The Borough shall notify the applicant who shall be requested to deposit up to thirty-five (35%) percent of the original escrow account. No further consideration, review, processing or inspection shall take place until the additional escrow has been paid.

For escrow deposits over five thousand (\$5,000.00) dollars the procedures under N.J.S.A. 40:55D-53.1 shall prevail.

At the applicant's written request and at his cost, an account of the expenses or fees paid by him for professional services shall be provided. Borough professional shall submit vouchers for all services to be assessed against an escrow account, which vouchers shall state the hours spent, the hourly rate and the expenses incurred.

N.J.S.A. 40:55D-53h and 53.4 | Ord. 21-108

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Last Revised 5.1.2026

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Maintaining of Escrow Fund Balance

If after the Chief Financial Officer has notified applicant/developer that insufficient funds exist in the escrow account to fully reimburse Township for professional services, no further action shall be taken on applicants' case, nor shall any further reviews/inspections be undertaken until applicant/developer has fully funded reimbursement for outstanding professional services and replenished the escrow account to a positive balance.

N.J.S.A.40:55D-53.4 | Ord. 21-108



Chief Financial Officer

Prepares and sends statement to applicant, including accounting of funds, listing all deposits, interest, earnings, disbursements, and the cumulative balance of the escrow account.

Statements are **quarterly** for monthly charges of less than \$1000

Statements are **monthly** for monthly charges exceeding \$1000

N.J.S.A.40:55D-53.2c



FOR DEFICIENT ESCROW ACCOUNTS

Chief Financial Officer provides applicant with a notice of insufficient escrow or deposit balance

Applicant shall within a "reasonable time period" post a deposit to the account.

N.J.S.A.40:55D-53.2c



CLOSE-OUT PROCEDURE for DEPOSIT & ESCROWS

Applicant sends written notice by certified mail to the chief financial officer and relevant municipal professionals. That the application/improvements are completed.

After receipt of notice, the professional shall render a final bill to the chief financial officer within 30 days and copy applicant.

Chief financial officer shall render a written final accounting to the applicant on the uses to which the deposit was put within 45 days of receipt of the full final bill. Any balance is remaining in the deposit or escrow account including interest must be refunded to the developer along with the final accounting.

N.J.S.A.40:55D-53.2d



RETURN of INSPECTION ESCROW

Any unexpended monies remaining after the completion of the project and maintenance period shall be returned to the applicant. Funds remaining at the time of release of the maintenance bond to be returned to developer

Ord. 21-108



RETURN OF MAINTENANCE GUARANTEE

Upon completion of all improvements and prior to release of the performance guaranty, the applicant shall file a maintenance guaranty bond amounting to fifteen (15%) percent of the cost of all improvements to guarantee that the completed improvements will be maintained for a stated period not to exceed two (2) years. The Borough Engineer and the Board shall review the maintenance bond; it shall be reviewed by the Borough Attorney as to form, sufficiency and execution and approved by the Borough Council.

Ord. 21-62