

SAMPLE IMPOUND OF FUNDS AGREEMENT

This Agreement was entered into _____, 20__,
between _____ (the “Company”) and
_____ (the “Impound Agent”). The Impound Agent is
located at _____

_____.

The Company has applied to register its securities with the Administrator of Securities of the State of _____ (the “Administrator”) and, if applicable, with the Administrator of Securities of other states. As a condition of registering the offering, the Administrator required the Company to enter into this Agreement. The Impound Agent represents that it is a financial institution and its deposits are federally insured. The Impound Agent is willing to act as the Impound Agent and to hold the funds under this Agreement.

The Company and the Impound Agent agree as follows:

Deposit of Funds

1. Within 2 business days after the Company receives the monies, the Company will deposit all monies that it receives from the sale of securities (the “Impound Funds”) in an impound account with the Impound Agent to be designated the “_____ Impound Account” (the “Impound Account”).
2. The Company and its agents will instruct subscribers to make their checks payable to the Impound Account. The Company will provide the Impound Agent with a copy of the Subscription Agreement together with the Impound Funds. The Company will provide the Impound Agent with the name, address and social security or other tax identification number of each subscriber and the date and amount of each subscription.
3. If the Impound Agent received checks that fail to clear the bank on which they are drawn, the Impound Agent will return those checks, together with the related Subscription Agreement, to the subscriber. The Impound Agent will send a copy of the returned checks and related Subscription Agreements to the Company.

Keeping of Funds

4. The Impound Agent will keep the Impound Funds, segregated in the Impound Account, for investment purposes, until the Impound Agent releases the Impound Funds to the Company or returns them to the subscribers under paragraph 7 or 8, below.

5. Unless the Administrator directs to the contrary, the Impound Agent will invest the funds deposited in the Impound Account as directed by the Company in liquid investments, such as bank certificates of deposit or United States treasury bills, or savings accounts at the Impound Agent.
6. Impound Funds are not assets of the Company and are not subject to judgment or creditors claims against the Company until the Impound Funds are released to the Issuer under this Agreement.

Release or Return of Funds

7. If, by the ____ day of _____, ____ (the “Closing Date”), the funds deposited in the Impound Account amount to or exceed \$ _____ (the “Minimum Subscription”), then the Impound Agent will release those funds, and all other funds deposited after that, to the Company provided that
 - (a) the Impound Agent has provided the Administrator with a letter stating that \$ _____ has been deposited into the Impound Account before the Closing Date, and
 - (b) the Administrator has provided the Impound Agent and the Company with written consent to the release of the funds from the Impound Agreement.
8. Unless the Closing Date has been extended under paragraph 10, if, by the Closing Date, the funds deposited in the Impound Account do not equal or exceed the Minimum Subscription, the Impound Agent will
 - (a) advise the Company and the Administrator in writing that it has not received the Minimum Subscription, and
 - (b) will return to each subscriber the amount the Impound Agent received on behalf of that subscriber.
9. The Impound Agent will divide any interest earned on the Impound Account between the subscribers based on their subscription and pay that to them.

Extension of Closing Date

10. The Closing Date may be extended, provided that
 - (a) the Disclosure Document discloses that the offering could be extended for ____ days, and
 - (b) the Company has delivered to the Impound Agent and the Administrator a written notice of extension.

Revocation or Suspension of Registration

11. If, at any time before the Impound Agent releases the funds as provided in Paragraph 7 or 8 of this Agreement, the Administrator advises the Impound Agent that it has revoked or suspended the registration, the Administrator may direct the Impound Agent
- (a) not to release the funds in the Impound Account until further notice by the Administrator, or
 - (b) to release to each subscriber the amount that the Impound Agent received on behalf of that subscriber together with interest as set out in paragraph 9.

Abandonment of Offering

12. If the Impound Agent receives a letter from the Company stating that the offering has been abandoned, the Impound Agent will return to each subscriber the amount the Impound Agent received on behalf of that subscriber together with interest as set out in paragraph 9.

Termination of Agreement

13. This Agreement will terminate once the Impound Agent has released all funds from the Impound Account in accordance with this Agreement.

Duty of Impound Agent

14. The Impound Agent will act as a depository only, and its sole responsibility will be to act in accordance with the terms of this Agreement.

Records of Impound Agent

15. The Impound Agent will keep records (the "Records") that disclose
- (a) the names, addresses, telephone numbers and tax identification numbers of the subscribers,
 - (b) the amount received on behalf of each subscriber,
 - (c) the amount and date of the securities purchased,
 - (d) the date that the Impound Agent released or returned the funds held in the Impound Account
16. The Impound Agent will provide to the Administrator, on request, true, complete and current copies of the Records.

Impound Agent Compensation The Company will pay the Impound Agent reasonable compensation for its services in the amount of \$_____.

Scope of Agreement

17. This Agreement will be for the benefit of, and binding on, the Company, the Impound Agent and their successors, the subscribers and their heirs, assignees, beneficiaries, executors, administrators and their legal representatives. If, for any reason, the Impound Agent named in this Agreement is unable or unwilling to continue to act as an impound agent, then the Company may substitute, with the consent of the Administrator, another person to serve as Impound Agent.

IN WITNESS WHEREOF, the parties have executed this Agreement the _____ day of _____, _____.

COMPANY: _____

By _____
President

IMPOUND

AGENT: _____

By _____

Its _____