

IMPOUNDMENT AGREEMENT

THIS IMPOUNDMENT AGREEMENT made and entered into this _____ day of _____, 20____, by and between _____ (hereinafter called the Franchisor), and _____ (a national or state) banking association located at _____ (list city, state, zip code) (hereinafter called the Impoundment Agent).

WITNESS THAT:

WHEREAS, Franchisor has applied to the Commissioner of Commerce for the State of Minnesota (hereinafter called the Commissioner) for registration of

(Description of Franchise) for offer to the residents of the State of Minnesota; and

WHEREAS, as a condition of registration of such offering under the Franchise Act of the State of Minnesota the Commissioner requires that the Franchisor provide for the impoundment of the proceeds to be received from such offering of franchises; and

WHEREAS, the Franchisor and the Impoundment Agent desire to enter into an agreement with respect to the said impoundment of proceeds;

NOW, THEREFORE, in consideration of the promises and agreements set forth herein, the parties hereto agree as follows:

1. PROCEEDS TO BE PLACED IN ESCROW:

All proceeds received from the sale of the franchises subject to this Impoundment Agreement on or after the date hereof shall be paid to the Impoundment Agent within two business days from the date of sale and deposited by Impoundment Agent in an escrow account. During the term of this Impoundment Agreement, the Franchisor shall cause all checks received by it in payment for such franchises to be either payable to the Impoundment Agent or endorsed forthwith to the Impoundment Agent.

2. IDENTITY OF FRANCHISEES:

The Franchisor shall cause to be delivered to the Impoundment Agent two signed counterparts of each Franchise Purchase Receipt which shall contain, among other things, the name and address of each franchisee thereto, the date and price of franchise, and the amount paid, or, in the alternative, shall furnish to the Impoundment Agent with each deposit of funds in the impoundment a list of the persons who have paid the money, showing the name, address, date and price of franchise and amount of money paid. All proceeds so deposited shall remain the property of the franchisee and shall not be subject to any liens or charges by the Impoundment

Agent, or judgments or creditors' claims against the Franchisor until released to the Franchisor as hereinafter provided.

3. DISBURSEMENT OF FUNDS:

Upon the receipt by Impoundment Agent of written authorization from the Commissioner, then said Impoundment Agent, on demand of the Franchisor, shall pay over to the Franchisor all impoundment funds as so authorized. If the conditions of the impoundment have not been satisfied, upon written authorization of the Commissioner, the Impoundment Agent shall within a reasonable time, but not more than thirty (30) days after the last day of the term of impoundment, refund to each franchisee at the address appearing on the Franchise Purchase Agreement or list of franchisees, or at such other address as shall be furnished the Impoundment Agent by the franchisee in writing, all sums paid by the franchisee pursuant to the franchise, and shall then notify the Commissioner in writing of such refund.

4. TERM OF IMPOUNDMENT:

This impoundment shall terminate upon written authorization of the Commissioner. Upon termination hereof, the Impoundment Agent shall disburse the funds in the impoundment account in the manner and upon the terms directed in paragraph three hereof. The Franchisor may abandon the sale of franchises at any time. Upon the receipt of a copy of the Resolution authorizing said abandonment, duly attested to by the Secretary of the Franchisor, accompanied by the written consent of the Commissioner, Impoundment Agent shall be authorized to refund the monies received from the franchisees.

5. TERMINATION BY REVOCATION OR SUSPENSION:

If at any time prior to the termination under paragraph four of this impoundment, said Impoundment Agent is advised by the Commissioner that the registration of the franchises has been revoked, said Impoundment Agent shall thereupon return all funds to the respective franchisees.

6. CONSENT OF COMMISSIONER TO RELEASE FUNDS :

No funds shall be released to the Franchisor hereunder except under the express written authorization of the Commissioner. If the Commissioner finds that any conditions of this Agreement have not been satisfied, or that any provisions of the Minnesota Franchise Act or regulations have not been complied with, then the Commissioner may withhold such authorization for release of funds by the Impoundment Agent to the Franchisor and may direct the Impoundment Agent to return the funds to the franchisees. In making a determination hereunder, the Commissioner may require from the Franchisor a statement of all expenses and/or all amounts paid into the escrow, certified by an independent certified public accountant and any further financial or other information as the Commissioner may deem appropriate or helpful in making such determination.

7. INSPECTION OF RECORDS:

The Commissioner may, at any time, inspect the records of the Impoundment Agent, insofar as they relate to this Impoundment Agreement, for the purposes of determining compliance with and conformance to the provisions of this Impoundment Agreement.

8. DUTY AND LIABILITY OF THE IMPOUNDMENT AGENT:

The sole duty of the Impoundment Agent, other than as herein specified, shall be to receive said funds and hold them subject to release, in accordance with the written instructions of the Commissioner, and the Impoundment Agent shall be under no duty to determine whether the Franchisor is complying with requirements of the Commissioner in tendering to the Impoundment Agent said proceeds of the sale of said franchises.

The Impoundment Agent may conclusively rely upon and shall be protected in acting upon any statement, certificate, notice, request, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Impoundment Agent shall have no duty or liability to verify such statement, certificate, notice, request, consent, order or other document and its sole responsibility shall be to act only as expressly set forth in this Impoundment Agreement. The Impoundment Agent shall be under no obligation to institute or defend any action, suit or proceeding in connection with this Impoundment Agreement unless first indemnified to its satisfaction. The Impoundment Agent may consult counsel in respect of any question arising under this Impoundment Agreement and the Impoundment Agent shall not be liable for any action taken or omitted in good faith upon advice of such counsel. All funds held by Impoundment Agent pursuant to this Impoundment Agreement shall constitute trust property for the purposes for which they are held and the Impoundment Agent shall not be liable for any interest thereon.

9. IMPOUNDMENT AGENT'S FEE:

The Impoundment Agent shall be entitled to reasonable compensation for its services. The fee agreed upon for services rendered hereunder is intended as full compensation for the Impoundment Agent's services as contemplated by this Agreement provided, however, in the event that the conditions of this Impoundment Agreement are not fulfilled or the Impoundment Agent renders any material service not contemplated in this Agreement, or there is any assignment of interest in the subject matter of this Impoundment Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Impoundment Agent is made a party to or justifiably intervenes in any litigation pertaining to this Impoundment Agreement, or the subject matter hereof, the Impoundment Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including reasonable attorney's fees, occasioned by any delay, controversy, litigation, or event, and the same may be recoverable from the Franchisor only.

10. BINDING AGREEMENT AND SUBSTITUTION OF IMPOUNDMENT AGENT

The terms and conditions of this Agreement shall be binding on the heirs, executors and assigns, creditors or transferees, or successors in interest, whether by operation of law or otherwise, of the parties hereto. If, for any reason, the Impoundment Agent named herein should be unable or unwilling to continue as such Impoundment Agent, then the other parties to this Agreement may substitute, with the consent of the Commissioner, another Impoundment Agent. Any apportionment of the fees provided for in paragraph nine will be subject to agreements of the other parties.

IN WITNESS WHEREOF, the parties hereto have executed this Impoundment Agreement on the date first above written.

FRANCHISOR

IMPOUNDMENT AGENT

(Signature) (Date)

(Signature) (Date)

(Name)

(Name)

(Title)

(Title)

(Name of Franchisor)

(Name of Bank)

Accepted for filing:

Minnesota Department of Commerce

Signature_____

Printed Name_____

Title_____

Date_____