

Oregon Department of Consumer & Business Services

Division of Finance & Corporate Securities

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PROCEEDS ESCROW AGREEMENT

This agreement, entered into this _____ day of _____, 20 _____ by and between _____, referred to herein as "the company" and _____, hereinafter referred to as "the escrow agent."

The company has applied to the director of the Department of Consumer and Business Services of the State of Oregon for registration of its securities for sale to the public under the Oregon Securities Law upon such terms, conditions, limitations, and restrictions as the director deems appropriate to make the issue fair, just, and equitable.

The director has required that the proceeds to the company from the sale of the securities being registered be held in escrow until the amount of \$ _____ has been placed on deposit pursuant to ORS 59.085(3)(b).

It is hereby agreed by and between the parties as follows:

- 1. Funds to be placed in escrow:** All funds received from the sale of the securities subject to this escrow agreement on or after the date of this agreement shall be paid to the escrow agent and deposited by the escrow agent in an escrow account. During the term of this escrow agreement, the company shall cause all checks received by it in payment for such securities to be either payable to the escrow agent or endorsed forthwith to the escrow agent.
- 2. Identity of subscribers:** The company shall cause to be delivered to the escrow agent a signed counterpart of each subscription agreement that contains the name and address of each subscriber, the date and amount subscribed and the amount paid or the company shall furnish to the escrow agent, with each deposit of funds in the escrow, a list of those who have subscribed the money, showing the name, address, date, amount of subscription, and amount of money paid. All funds so deposited shall remain the property of the subscriber and shall not be subject to any liens or charges by the escrow agent, judgments, or creditors' claims against the company until released to the company.
- 3. Duty of the escrow agent:** The sole duty of the escrow agent, other than as specified herein, shall be to receive said funds and hold them subject to release in accordance with the written instructions. The escrow agent shall be under no duty to make certain that the company is complying with requirements of the director of the Department of Consumer & Business Services in tendering to the escrow agent said proceeds of the sale of said securities.
- 4. Release of funds:** The escrow agent shall hold all notes and funds received from the sale of said securities subject to the terms and conditions herein. Upon the receipt by the escrow agent of cash proceeds from subscriptions for not less than \$ _____ and when the escrow agent has collected and has on hand the said sum, the escrow agent shall forthwith notify the company in writing. Upon joint demand of the company and the underwriter, the escrow agent shall pay over to the company on its order all of the funds remaining in the escrow unless the conditions of this agreement are not met, whereupon the escrow agent shall refund all sums paid by subscribers. Unless otherwise notified in writing, the escrow agent may consider the address appearing on the subscription agreement or list of subscribers the correct address of each subscriber.
- 5. Duration and termination:** This escrow shall terminate six months from the date of the director's order of registration relating to the subject offering, unless extended upon consent of the parties and all subscribers. The escrow agent shall disburse the funds in the escrow account to the subscribers submitting them to the escrow, or their order, in the manner and upon the terms directed; however, it is fully agreed that the company has the authority to abandon the sale of securities any time prior to the date above. Upon receipt of a copy of written notice of said abandonment, duly attested to be the authorized signature of the company, the escrow agent is authorized to refund monies received from subscribers.

- 6. Termination by revocation or suspension:** If at any time prior to the completion of this escrow the escrow agent is advised by the director that the registration to sell said securities has been suspended or revoked, the escrow agent shall return all funds to the subscribers.
- 7. Inspection of records:** The director may, at any time, inspect the records of the company and may inspect the records of the escrow agent, insofar as they relate to this escrow agreement, for the purpose of making any determination.
- 8. Controversy:** If any controversy arises between the parties hereto or with any third person, the escrow agent shall not be required to resolve the matter or to take any action, but may await the settlement of any such controversy by final appropriate legal proceedings, or otherwise as the escrow agent may require, or the escrow agent may institute appropriate proceedings, notwithstanding anything in this agreement to the contrary. In any such event, the escrow agent shall not be liable for interest or damages to the company or the subscribers.
- 9. Escrow agent's liability:** The escrow agent's obligations and duties are confined to those enumerated in this agreement. The escrow agent shall not be liable or responsible for the sufficiency, correctness, genuineness, or validity of any instruments deposited with it or with reference to the form of execution thereof, or the identity, authority, or rights of any person executing or depositing same. The escrow agent shall not be liable for any loss that may occur by reason of forgery, false representation, or the exercise of its discretion in any particular manner or for any other reason, except for its own negligence or willful misconduct.
- 10. Escrow agent's fee:** The fee of the escrow agent is \$ _____, receipt of which is hereby acknowledged. The fee for services is intended as full compensation for the escrow agent's services under this agreement. However, in the event that the conditions of this escrow agreement are not fulfilled, or the escrow agent renders any material service not contemplated in this agreement, or there is any assignment of interest in the subject matter of this escrow agreement, or any material modification hereof, or if any material controversy arises hereunder, or the escrow agent is made a party to or justifiably intervenes in any litigation pertaining to this escrow agreement, or the subject matter hereof, the escrow agent shall be reasonably compensated for such 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 company only.
- 11. Binding agreement and substitution of escrow agent:** The terms and conditions of this agreement shall be binding on the heirs, executors and assigns, creditors or transferees, or successors in interest, of the parties hereto. If for any reason the escrow agent should be unable or unwilling to continue as escrow agent, the other parties to this agreement may substitute, with the consent of the director, another escrow agent. Any apportionment of the fees provided for in paragraph 10 will be subject to agreement of the parties.

The following parties entered into this agreement:

Company

Name: _____ Title: _____
Signature: _____ Date: _____

Escrow agent

Company name: _____
Name: _____ Title: _____
Signature: _____ Date: _____