

ESCROW INSTRUCTION SHEET

A. The Franchisor must return a fully executed copy of the escrow agreement, with original signatures, to the Division before its registration will be made effective.

B. The Franchisor must also provide to the Division in writing, the name of the bank, the name, address and telephone number of the person(s) at the bank who may be contacted for information regarding the escrow account, and the account number. Any changes to this information should be immediately provided to the Division.

C. Funds in the escrow account will only be released upon completion by the Franchisor of its pre-opening obligations to the Franchisee. Requests for the release of escrowed funds should be in writing and should be sent to the Division. The Franchisor should state in the request the exact amount of the funds to be released. The Division must receive written certification from the Franchisee whose funds are to be released to the Franchisor. Such certification should state the amount of funds to be released, and that the Franchisor* s preopening obligations to the Franchisee have been satisfied.

D. Please refer to Regulation 02.02.08.08 of the Code of Maryland Regulations, entitled Escrow Condition, for additional information on the operation of escrow accounts. Regulation 02.02.08.08 can also be found at ¶ 5200.05 in The Business Franchise Guide published by Commerce Clearing House.

ESCROW AGREEMENT

This Escrow Agreement, made this _____ day of _____, _____,
by _____, organized under the laws of the
State of _____, (hereinafter referred to as "Franchisor") and
_____ organized under the laws of the State of _____,
(hereinafter referred to as "Bank").

WHEREAS, the Franchisor desires to offer and sell franchises in the State of Maryland, and

WHEREAS, it is the discretion of the Securities Commissioner of the State of Maryland as Administrator of the Maryland Franchise Registration and Disclosure Law, to require an escrow of franchise fees, and

WHEREAS, in order to conform to the procedures for arranging an escrow account, the Franchisor desires to enter into an Escrow Agreement with the Bank, pursuant to which franchise fees are to be held in escrow for the purpose of complying with the Maryland Franchise Registration and Disclosure Law,

NOW, THEREFORE, with the foregoing recitals hereinafter incorporated by reference and made a part hereof, it is agreed as follows:

1. The Franchisor shall, until release of escrowed funds as hereinafter provided, deposit with the Bank, all monies obtained from each franchisee who either is a resident of the State of Maryland or contracts to operate the franchised business within the State of Maryland.

2. All funds delivered by the Franchisor to the Bank will be placed in a separate account indicating account name and account number as follows:

(Account Name) _____

(Account Number) _____

3. The Bank shall pay out funds, plus interest if any, from the Escrow Account only upon the occurrence of one of the following conditions:

a. A written notice from the Securities Commissioner stating that he or she takes no exception to the release of such funds to _____.

b. Upon written notice from the Securities Commissioner, the Bank shall return the deposited franchise fee to a specific franchisee.

c. The Bank shall pay funds into court or disburse or deliver them in accordance with any order of any court of competent jurisdiction.

4. The Franchisor will supply the Bank with the name and address of each franchisee, together with the amount of the deposit that represents each franchisee's franchise fee, and the Bank will retain records containing the same information.

5. Any funds deposited in the Escrow Account pursuant to this Escrow Agreement shall be invested and kept invested by the Bank in obligations of the United States, or a savings account or savings accounts of the Bank, or money market funds of or available to the Bank and to which the Bank or an affiliate is investment advisor or provides other services and receives reasonable compensation for such services, provided such money market funds are rated AAAM by Standard and Poor's and Aaa by Moody's Investor Services, or U.S. Treasury Bills, Notes or Bonds until such funds are to be disbursed as provided in Paragraph 3 hereof. All interest received and any increment thereon shall be added to the funds so deposited in the Escrow Account and shall be distributed as provided in Paragraph 3 hereof.

6. The Securities Commissioner may inspect the records of the Bank, insofar as they relate to this Escrow Agreement, for the purpose of determining compliance with and conformance to the provisions of this Escrow Agreement. At the Securities Commissioner's discretion, statements indicating status of escrow shall be furnished by the Bank to the Securities Commissioner.

7. The Franchisor shall pay to the Bank reasonable compensation for expenses incurred and services rendered by the Bank under this Escrow Agreement.

8. The Bank shall have no duty to determine the propriety of any deposit or disbursement of funds. Additionally, the Bank shall have no duty to the Franchisor, the Securities Commissioner, any franchisee or any other party except as expressly stated in this Escrow Agreement. The Franchisor does hereby indemnify the Bank from any and all costs, claims and expenses, including attorneys' fees, which may be incurred by or which may accrue to the Bank relating to the opening or maintenance of any account established under this Escrow Agreement.

9. All proceeds deposited pursuant to this Escrow Agreement shall not be subject to any liens or charges by the Bank, or judgments or creditor's claims against the Franchisor.

10. The Franchisor shall give each franchisee a copy of this Escrow Agreement prior to collecting any funds from that franchisee.

11. The Bank's duties under this Escrow Agreement shall terminate upon final distribution of all monies deposited as provided hereunder.

12. This Escrow Agreement is governed by the Laws of the State of Maryland

IN WITNESS WHEREOF, each party has caused this Escrow Agreement to be signed and executed, and its corporate seal hereto affixed, in its name by its proper and fully authorized officer or officers on the day and year first above written.

ATTEST:

_____ By: _____

(Typed Name of Signator)

(Position)

(Business Address)

(Business Phone)

ATTEST:

_____ By: _____

(Typed Name of Signator)

(Position)

(Business Address)

(Business Phone)