

Bulk Sales Escrow Agreement

Date: _____

To: _____

Under the terms and conditions of a contract between _____, referred to as SELLER, and _____, referred to as BUYER, for the bulk sale of a certain business known as _____, the parties herewith agree to the following escrow instructions:

A total of \$ _____ (_____ & ___/100 dollars) will be deposited.

The Fund shall be invested from time to time in an interest-bearing account with a national bank that is insured by the F.D.I.C.; provided, however, that in the event that the deposit at any time exceeds \$100,000, the deposit shall be made with a bank with capital and surplus of at least \$100,000,000.

If, prior to termination of the escrow, BUYER, notifies of any breach of warranty with respect to the indebtedness of Seller to its creditors under the terms and provisions of the bulk sale and such notice shall specify the amount which Buyer shall claim is due and owing to Buyer by virtue of such breach of the claim of breach, you shall, within ten days from and after the receipt of such notice from Buyer, notify Seller in writing of such claim by sending written notice thereof by registered mail, return receipt requested, to Buyer at the following address:

In the event that such notice is received you shall withhold the sum claimed unless the SELLER delivers a sworn acquaintance of such debt from the claimant, or, a written statement from the BUYER withdrawing the objection.

On or about _____ you shall distribute the remaining sum other than the sums directed to be withheld, as follows:

First priority—Expenses of the ESCROW AGENT;

Second priority—Such sums, if any, required to be withheld under the terms and conditions state herein;

Third priority-- _____.

You may resign by mailing written notice thereof to Buyer and Seller at the addresses stated above. In the event of any such resignation, Buyer may appoint (by written notice delivered to Seller at the above-specified address) a successor escrow, which shall be a national bank. Any successor or successors shall have all of the rights, obligations and immunities granted to you by the terms and provisions hereof.

Nothing herein contained shall constitute a limitation of any obligations of either Buyer or Seller under the Agreement otherwise.

This is the entire agreement between the parties and this agreement may only be amended by a written agreement between the parties.

In the event that any controversy arises as to the distribution of the escrow, the ESCROW agent may interplead the sums in any court with jurisdiction and all costs of fees thereof reasonably incurred by the escrow agent shall be payable from the fund.

Dated: _____

SELLER

BUYER
Accepted:

ESCROW AGENT

Bulk Sales Escrow Agreement - Review List

This review list is provided to inform you about this document in question and assist you in its preparation. A bulk sales escrow agreement is often an important vehicle to effect such a transaction. It is especially useful for the buyer to protect against potential seller creditor claims; sellers can use this approach to quiet the concerns of a buyer about undertaking the transaction to start with.

1. Make multiple copies. Give one to each related party. Keep a copy in the related file.