

FRANCHISE IMPOUND AGREEMENT

This agreement is made and entered into this _____ day of _____, _____, by _____, hereinafter referred to as the “Franchisor,” and _____, hereinafter referred to as the “Depository”:

Whereas the Franchisor has applied for registration with the Securities Division of the Department of Financial Institutions (“Division”) to offer and sell franchises pursuant RCW 19.100.040; and

Whereas, pursuant to RCW 19.100.050 and WAC 460-80-400 through -450, the Division requires, as a condition to registration, the impoundment of franchise fees;

The Franchisor and Depository agree:

- (1) That the depository shall create a separate trust account, apart from any other account the franchisor may have, to be designated the _____ Impound Account, hereinafter referred to as “Account;”
- (2) That the franchisor shall deposit into the Account one hundred percent (100%) of franchise fees and all other funds received from the franchisees or subfranchisors (hereinafter collectively referred to as franchisees) for any purpose within forty-eight (48) hours of receipt of such funds;
- (3) That, with each deposit to the account, the Franchisor shall provide information to the Depository identifying each franchisee to which the deposit pertains. This information shall include the name and address of each franchisee and the date and the amount of each franchisee’s payment;
- (4) That all funds so deposited shall remain the property of the franchisee and shall not be subject to judgments or creditors’ claims against the Franchisor until released to said franchisor. Checks for the payment of franchises shall be made payable to the depository;
- (5) That upon receipt of a deposit pursuant to Item (2) above, the Depository will notify the Division by e-mail at franchisefilings@dfi.wa.gov or by mail at PO Box 41200, Olympia, WA 98504, and will deposit all the funds into the account;
- (6) That the Depository shall not release any funds from the account except as authorized in writing by the Division, which shall authorize the release of all funds on deposit with respect to a franchisee when it receives written notice from the franchisee that the franchisee has opened its business (requests for authorization for release may be sent to the above e-mail address);
- (7) That, in the event that the franchisor defaults on any condition of the permit issued or this agreement, the Division may order return of funds on a pro-rata basis to the franchisees having funds on deposit in the Account, and the Depository shall be entitled to rely upon the order and may pay and distribute the funds pursuant to the order;
- (8) That other than establishing and maintaining the Account pursuant to this Agreement and applicable law, the Depository shall have no further responsibility whatsoever;
- (9) That the Depository is performing the limited functions specified in this agreement and has not upon the merits or qualifications of, or approved or recommended, the franchisor, franchise, or any person or transaction;
- (10) That the name of the Depository shall not be used in any way that may infer an association with the Franchisor other than that of legal depository;

IN WITNESS WHEREOF, the Signatories have executed this Agreement.

Franchisor

(Print or type the Franchisor's name)

By _____
(Signature)

Date

(Title)

Depository

(Print or type the Depository's name)

By _____
(Signature)

Date

(Title)