

Security, Pledge and Escrow Agreement

(Stock Purchase)

AGREEMENT made _____, 20__, among _____ (“Purchaser”), _____ (the “Company”), _____ (“Seller”), and _____ (“Escrow Agent”).

WHEREAS, the Purchaser agreed to purchase all of the shares of stock in the Company owned by the Seller (“Stock”) under the terms of a Stock Purchase Agreement, dated the date hereof; and

WHEREAS, a portion of the purchase price for the Stock is payable under the terms of a promissory note (“Promissory Note”); and

WHEREAS, the parties desire to pledge, hypothecate and create a security interest in all of the Stock under the terms of this Agreement;

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged and in further consideration of the recitals and of the representations, warranties, covenants and agreements contained, and intending to be legally bound, the parties agree as follows:

1. As security for the payment of the Promissory Note, Purchaser hereby hypothecates, assigns, pledges, and grants to Seller a security interest in the Stock and deposits them with the Escrow Agent, endorsed in blank for transfer, subject to the terms of this Agreement. The parties acknowledge that the Stock has been pledged and delivered to the Escrow Agent.

2. If there is a default under the Promissory Note, Seller shall have the rights and remedies provided under the Uniform Commercial Code in force in the State of New York. In addition to and in conjunction with those rights and remedies, Seller may give notice of the default to the Escrow Agent. Within the next seven (7) days, the Escrow Agent shall notify the Company and Purchaser that the Escrow Agent has received a notice of default from the Seller and include in that notice a copy of the notice received from the Seller. Subject to the other provisions of this Agreement, including but not limited to paragraph “12”, twenty-five (25) days from the date the Escrow Agent gives this notice, the Escrow Agent shall offer for sale all of the Stock deposited with the Escrow Agent, unless the parties agree otherwise. The Company agrees to waive and hereby waives any right or option it may possess to purchase or redeem the Stock and the Stock shall be sold free of any such right or option.

3. Seller may purchase the Stock at the sale.

4. The proceeds of the sale shall be applied first to pay the expenses of conducting the sale, including reasonable attorneys fees incurred in connection with the sale, and then to pay any sums due under the Promissory Note. Any surplus remaining shall be paid to Purchaser.

5. Upon payment in full of the Promissory Note, the Purchaser shall notify the Escrow Agent, requesting the return of the Stock. Within the next seven (7) days, the Escrow Agent shall

notify the Seller that the Escrow Agent has received a notice requesting the return of the Stock and include in that notice a copy of the notice received from the Purchaser. Subject to the other provisions of this Agreement, including but not limited to paragraph "12", twenty-five (25) days from the date the Escrow Agent gives this notice to Seller, the Escrow Agent shall return to the respective shareholders all of the Stock deposited with the Escrow Agent.

6. So long as the Purchaser is not in default under the Promissory Note, the Purchaser shall exercise and enjoy all the rights accruing from the ownership of the Stock.

7. This Agreement sets forth the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior agreements, arrangements, communications, representations and warranties, either oral or written, by any officer, employee or representative of any party, with respect to the subject matter of this Agreement.

8. Any notice, request, instruction or document to be given by any party to the other shall be in writing and delivered personally or mailed by certified or registered mail, postage prepaid at the addresses set forth in Schedule 8 (attached). The parties shall have the right to give notice to the other parties changing the address as stated above and such address shall thereupon be deemed to be changed accordingly. Any notice shall be effective on the date personally delivered or mailed.

9. The Escrow Agent shall not be responsible for the genuineness of any certificate or signature and may rely conclusively upon and shall be protected when acting upon any notice, affidavit, request, consent, instruction, check, or other instrument believed by the Escrow Agent in good faith to be genuine or to be signed or presented by the proper person, or duly authorized, or properly made. The Escrow Agent shall have no responsibility except for the performance of the Escrow Agent's express duties under this Agreement and no additional duties shall be inferred or implied.

10. The Escrow Agent shall not be responsible or liable for any act or omission in the performance of the duties of the Escrow Agent under this Agreement unless such act or omission constitutes bad faith, gross negligence or fraud.

11. The Escrow Agent shall not be required to institute or defend any action involving any matters referred to in this Agreement or which affects the Escrow Agent or the duties or liabilities of the Escrow Agent under this Agreement unless or until requested to do so by any party to this Agreement and then only upon receiving full indemnity, in character satisfactory to the Escrow Agent, against all claims, liabilities and expenses.

12. In the event of any dispute among the parties with respect to the Escrow Agent or the duties of the Escrow Agent, (a) the Escrow Agent may act or refrain from acting in respect of any matter referred to in this Agreement in full reliance upon and by and with the advice of counsel and shall be fully protected in so acting or in refraining from acting upon advice of counsel, or (b) the Escrow Agent may refrain from acting until required to do so by the order of a court of final authority.

13. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided that any permitted assignment of either party's obligations or liabilities shall not relieve that party of any of its liabilities or obligations under this Agreement.

14. The titles are for convenience or reference and shall not be deemed to modify or affect the interpretation of this Agreement.

15. Neither this Agreement nor any of its provisions shall be modified, changed, discharged, or terminated except by an instrument in writing signed by the party against whom the enforcement of any modification, change, discharge or termination is sought.

16. The term "herein" as used in this Agreement refers to this Agreement and any Exhibits to this Agreement.

17. In connection with the transactions contemplated by this Agreement, the parties agree to execute any additional documents and papers and to perform and do any additional acts and things as may be reasonably necessary and proper to effectuate and carry out the transactions contemplated by this Agreement.

18. No delay or omission on the part of any party in exercising any right shall operate as a waiver of that right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion.

19. This Agreement shall be governed by, construed and interpreted according to the laws of the State of New York.

20. This Agreement may be executed in several counterparts, each of which so executed shall be determined an original, and such counterparts shall, together, constitute and be one and the same instrument.

IN WITNESS, the parties have executed this Agreement.

(Seller)

(Company)

By: _____
Its President

(Purchaser)

(Escrow Agent)