

18 NCAC 06A .2019 TERMS OF ESCROW AGREEMENT

The escrow agreement shall include:

- (1) the identity of the escrow agent including the name, address where notices may be directed, telephone number, website of the agent, and the name of the person responsible for responding to inquiries about the escrow account;
- (2) the identity of the bank or depository institution where the escrow account will be maintained, including its name, address, telephone number, website, and the name of the person responsible for responding to inquiries about the escrow account;
- (3) the account number of the escrow account;
- (4) a statement confirming that the escrow account is FDIC or NCUSIF insured;
- (5) a description of the services to be provided by the escrow agent;
- (6) the fees charged for the services provided by the escrow agent;
- (7) a requirement that the escrow agent shall authorize the release of the securities offering proceeds to the issuer only if:
 - (a) the aggregate funds deposited into the escrow account from all investors is equal to or greater than the minimum offering amount; and
 - (b) the minimum offering amount has been deposited into the escrow account by the target date stated in the disclosure document;
- (8) a requirement that the escrow agent authorize the return of funds to investors as required by G.S. 78A-17.1 and Rules .2054 and .2055 of this Section;
- (9) a description of how the issuer shall notify the escrow agent of the investor's cancellation of the investment in order to request that the invested funds be returned to the investor;
- (10) a requirement that the escrow agent shall administer the escrow account in compliance with G.S. 78A-17.1 and Rules .2023 through .2028 of this Section;
- (11) a description of how any interest accrued in the escrow account will be administered;
- (12) a description of how an escrow agent will address a dispute between the issuer and the investor;
- (13) a description disclosing how any lawyer acting as an escrow agent will handle a conflict of interest, if applicable;
- (14) a requirement that the escrow agent be responsible for prudent processing, safeguarding, and accounting for the funds and information entrusted to it by investors and the issuer; and
- (15) how the funds will be safeguarded if the escrow agent, funding portal, or any other party to the agreement ceases doing business in North Carolina.

History Note: Authority G.S. 78A-17.1(a)(5); 78A-17.1(f); 78A-49(a); 78A-49(d); 78A-64; S.L. 2016-103, s.4.(a);
Eff. April 1, 2017.