

**ESTATE TAX ESCROW AGREEMENT FOR AN ESTATE WITH
REAL PROPERTY**

On this _____ day of _____, _____, the Maine State Tax Assessor (the "Assessor") and the Estate of _____ (the "Estate"), by its Personal Representative _____, and Escrow Agent, _____ of _____ Company ("Escrow Agent") hereby enter into the following ESTATE TAX ESCROW AGREEMENT ("Agreement").

WITNESSETH

Whereas, the Estate is subject to a Maine estate tax pursuant to 36 M.R.S., Chapter 575;

Whereas, any such Maine estate tax is not yet due;

Whereas, by operation of 36 M.R.S. § 4072, a lien exists on any and all property of the Estate until payment of the Maine estate tax due under 36 M.R.S. chapter 575 or discharge of the lien by the Assessor;

Whereas, the Estate wishes to sell certain real estate located at _____ pursuant to a purchase and sale agreement dated _____ by and between the Estate and _____ ("Buyer");

Whereas, in order to complete such a sale, Buyer requires that the Property be sold free from and discharged of such Maine estate tax lien;

Whereas, the Estate has had prepared an independent valuation of the Property, and has completed pro forma federal and Maine estate tax returns and made the valuation and those pro forma returns available to the Assessor;

Whereas, the Estate is willing to immediately set aside in an Escrow Account an amount of funds from the sale proceeds of the Property equal to the amount of Maine estate tax attributable to the Estate, plus an amount for estimated custodial charges, in exchange for the Assessor issuing a discharge of estate tax lien pertaining to the Property that is deliverable at the closing of the sale of the Property; and

Whereas, the Parties to this Agreement desire to establish the terms and conditions pursuant to which amounts will be deposited into, held in and disbursed from said Escrow Account;

NOW, THEREFORE, the Parties to this Agreement agree as follows:

1. Appointment of an Escrow Agent.

The Estate and the Assessor hereby appoint Escrow Agent as escrow agent hereunder and Escrow Agent hereby accepts such appointment and agrees to be bound by the terms hereof. The Estate and the Assessor agree that the Escrow Agent is not the agent of either the Estate or the Assessor in this regard.

2. Delivery of Certificate of Discharge of Estate Tax Lien.

At or before the sale closing, the Assessor shall issue to the Estate a Certificate of Discharge of Estate Tax Lien discharging the estate tax lien solely as it pertains to the Property.

3. Instructions and Terms Pertaining to Escrow Funds.

Immediately upon the completion of the sale and prior to any other payments or transfer of sale proceeds funds, the Estate shall deposit with the Escrow Agent the following amounts from the sale proceeds of the Property:

- (i) \$ _____, which represents the Estate and the Assessor's agreed upon estimate of the total Maine estate tax liability attributable to the Estate; and
- (ii) \$ _____ for estimated custodial charges.

The Escrow Agent hereby agrees to accept delivery of these funds and to hold such amounts together with any earnings thereon in a separate account for the Estate ("Escrow Account"), subject to the terms and conditions of this Agreement, until the Escrow Agent is required to release such amounts from the Escrow Account pursuant to the terms of this Agreement.

When the Escrow account is funded, the Estate and the Escrow Agent shall provide a written Escrow Account Identification document to the Assessor containing identifying information related to the Escrow Account, including the location of the Escrow Account, the account number and the amount of funds placed in the Escrow Account. The Escrow Account shall be held for the sole purpose of paying the Maine estate tax attributable to the Estate. The Escrow Agent shall provide the Estate and the Assessor with a monthly statement of the balance of the Escrow Account.

When the Estate has calculated the exact amount of its Maine estate tax liability, the Estate shall instruct the Escrow Agent to issue a check or otherwise transfer funds from the Escrow Account payable to the Treasurer, State of Maine as payment toward the Estate's reported Maine estate tax liability and the Estate shall file its Maine estate tax return with payment accordingly on or before the due date of _____. No withdrawal shall be allowed from the Escrow Account, except to issue such check payable to the Treasurer, State of Maine, for payment of Maine estate taxes or as otherwise provided below. Upon receipt by the Estate of a Maine estate tax Certificate of Payment from the Assessor showing no tax due, the balance of assets (if any) remaining in the Escrow Account may thereupon be withdrawn and paid to the Estate. The Assessor shall have priority, before any other individual or entity, over these funds.

4. Expenses and Tax Reporting.

All fees and expenses, including fees for escrow administration, reasonably incurred in entering into this Agreement and in the ordinary course of performing its responsibilities hereunder will be paid directly by the Estate (and not through withdrawal from the Escrow Account); provided, however, any custodial fees imposed by the custodian of the Escrow Account may be paid from the Escrow Account after the Estate receives the Certificate of Payment referenced above. The parties hereto agree that, for tax reporting purposes, all interest or other income earned from the Escrow Account shall be allocable to the Estate.

5. Notices.

All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the first business day after mailing if mailed to the party to whom notice is to be given by first class mail, postage prepaid, registered or certified, return receipt requested, addressed as follows:

Estate: The Estate of _____,

_____, PR

Address: _____,

PH.#[_____]

Assessor: Heather O. Popadak, Director, Income/Estate Tax Division, Maine Revenue Services, P.O. Box 1068, Augusta, ME 04332-1068

Escrow Agent: _____

Address: _____

Ph.# [_____]

6. General.

(a) Governing Law. The laws of the State of Maine (irrespective of its choice of law principles) shall govern the validity of this Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the parties to this Agreement.

(b) Binding Upon Successors and Assigns. Subject to, and unless otherwise provided in this Agreement, each and all of the covenants, terms, provisions and agreements contained in this Agreement shall be binding upon, and inure to the benefit of, the permitted successors and representatives of the parties to this Agreement.

(c) Counterparts. This agreement may be executed in any number of counterparts, each of which shall be an original as against any party whose signature appears on such counterpart and all of which together shall constitute one and the same instrument. This agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected in this Agreement as signatories.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first written above, and this Agreement shall be effective when executed by the Assessor, the Estate, and the Escrow Agent. By executing this Agreement, each signatory affirms and represents that the signatory has the requisite power and authority to execute this Agreement. Each signatory further affirms and represents that they, or the principals upon whose behalf they have signed, have the authority to, and will, perform under and be bound by, the terms of this Agreement.

WITNESSETH

_____ (signature)

_____ (printed name)
Personal Representative of the Estate

_____ (signature)

By: _____ (printed name)

Its: _____

Maine State Tax Assessor
By: Heather O. Popadak
Its: Director, Income/Estate Tax Division