



STATE OF CONNECTICUT
OFFICE OF THE STATE TREASURER

**SECURITY AGREEMENT – ELIGIBLE COLLATERAL HELD BY FEDERAL RESERVE
BANK/FEDERAL HOME LOAN BANK**
(FORM PUBLIC DEPOSIT)

This SECURITY AGREEMENT (the "Agreement") dated as of _____ is made between [Name of Credit Union] "Credit Union"), a state chartered credit union, having an address at _____, and the STATE OF CONNECTICUT, acting through the Treasurer of the State of Connecticut pursuant to Sections 3-11a and 36a-333(b) of the Connecticut General Statutes, having an address at 55 Elm Street, Hartford, Connecticut (the "Public Depositor").

WITNESSETH:

WHEREAS, the Credit Union is a qualified public depository as defined in the Protection of Public Deposits Act, Conn. Gen. Stat. §§ 36a-330 et seq. (the "Act"); and

WHEREAS, Public Depositor from time to time makes deposits, as said term is defined in Conn. Gen. Stat. § 36a-330(4), in the Credit Union (its "Public Deposits"), which Public Deposits shall from time to time aggregate in excess of One Hundred Thousand and No/100 Dollars (\$100,000.00); and

WHEREAS, the Public Depositor desires to have its Public Deposits secured by collateral in the amounts required by the Act; and

WHEREAS, the Credit Union has agreed to secure the Public Depositor's Public Deposits by granting to the Commissioner of the Connecticut Department of Banking (the "Commissioner") and the Public Depositor a security interest in certain collateral ("Eligible Collateral") owned by the Credit Union, which collateral meets the requirements described in Conn. Gen. Stat. § 36a-330(1), as permitted by 12 U.S.C. § 90 and the Act;

NOW THEREFORE, in consideration of the Public Depositor depositing its Public Deposits as herein described, and for other good and valuable consideration, hereby acknowledged as received, it is hereby agreed between the Public Depositor and the Credit Union as follows:

1. Pursuant to Part III of Chapter 665a of the Connecticut General Statutes and in order to secure the Public Depositor's Public Deposits, the Credit Union hereby pledges, assigns, transfers and grants to the Commissioner and the Public Depositor a perfected first priority security interest in such amounts of the Eligible Collateral described in Exhibit A attached hereto and made a part hereof, and held by the Federal Home Loan Bank, as is necessary for the Eligible Collateral pledged hereunder to have a minimum market value in relation to the Public Depositor's Public Deposits, plus accrued interest, to meet the collateral ratios and other requirements described in Conn. Gen. Stat. § 36a-333(a). If at any time the ratio of the market value of the Eligible Collateral to the Public Depositor's Public Deposits, plus accrued interest, is less than

required by Conn. Gen. Stat. § 36a-333(a), the Credit Union shall immediately make such additions to the Eligible Collateral in such amounts such that the ratio of the market value of the Eligible Collateral to the Public Depositor's Public Deposits, plus accrued interest, shall be at least equal to that required by Conn. Gen. Stat. § 36a-333(a). Such additions to the Eligible Collateral shall constitute an assignment, transfer, pledge and grant to the Commissioner and the Public Depositor of a security interest in such additional Eligible Collateral pursuant to the Act.

2. The security interest granted herein (as described in Section 1 above) shall secure not only such Public Deposits and accrued interest of the Public Depositor as are held by the Credit Union at the time of this Agreement, but also any and all subsequent Public Deposits made by the Public Depositor in the Credit Union regardless of the accounts in which such funds may be held or identified by the Credit Union.

3. The pledge of Eligible Collateral by the Credit Union shall be in addition to, and shall in no way eliminate or diminish any insurance coverage to which the Public Depositor may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation or any private insurance carried by the Credit Union for the purpose of protecting the claims and rights of its depositors.

4. The Public Depositor is under no obligation to maintain its deposits with the Credit Union and may withdraw them at any time without notice. It is agreed that when the Credit Union shall have paid out and accounted for all or any portion of the Public Depositor's Public Deposits, any Eligible Collateral pledged under this Agreement to secure such paid out Public Deposits shall be released from the security interest created hereunder, and the Credit Union and the Public Depositor shall take whatever actions may be necessary to cause a transfer of such securities to the Credit Union free and clear of any liens created hereunder. The Public Depositor agrees to sign any reasonably required releases as expeditiously as possible, but in any event within five (5) business days of receiving such releases.

5. The Credit Union hereby represents that (i) it is a state chartered credit Union duly organized and validly existing under the laws of the State of Connecticut; (ii) it is a qualified public depository as defined by Conn. Gen. Stat. § 36a-330(5); (iii) it has, or will have as of the time of delivery of any securities as Eligible Collateral under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein; (iv) the execution and delivery of this Security Agreement and the pledge of securities as Eligible Collateral hereunder have been approved by resolution of the Credit Union's Board of Directors and the approval of the Board of Directors is reflected in the minutes of a meeting, copies of which resolution and relevant portion of the minutes of said meeting are attached hereto as Exhibit B and made a part hereof; (v) the execution and delivery of this Agreement and the pledge of securities as Eligible Collateral hereunder will not violate or be in conflict with the Articles of Association or By-laws of the Credit Union, any agreement or instrument to which the Credit Union may be a party, any rule, regulation or order of any credit union regulator applicable to the Credit Union, or any internal policy of the Credit Union adopted by its Board of Directors; and (vi) this Security Agreement shall be continuously maintained, from the time of its execution, as an official record of the Credit Union.

6. Any additional pledge of Eligible Collateral hereunder, substitution of Eligible Collateral or release of Eligible Collateral shall be approved by an officer of the Credit Union duly authorized by resolution of the Board of Directors to approve such additional pledges, substitutions or releases of Eligible Collateral, under this Agreement.

7. All parties to this Agreement agree to execute any additional documents that may be reasonably required to effectuate the terms, conditions and intent of this Agreement.

8. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

9. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut and the laws of the United States and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof. In the event that any conflict of law issue(s) should arise in the interpretation of this Agreement, the parties agree that when Connecticut law is not pre-empted by laws of the United States, Connecticut law shall govern.

11. No provision of this Agreement may be waived except by a writing signed by the party to be bound thereby and any waiver of any nature shall not be construed to act as a waiver of subsequent acts.

12. In the event that any provision or clause of this Security Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Security Agreement, which shall be given effect without the conflicting provision. To this end the provisions of this Security Agreement are declared to be severable.

13. Unless applicable law requires a different method, any notice that must be given under this Agreement shall be given in writing and sent by certified mail, return receipt requested or third party overnight priority mail carrier to the address set forth herein or such other place as may be designated by written notice in the same manner from one party to the other.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

[NAME OF CREDIT UNION]

By: _____

Name:

Title:

Dated:

STATE OF CONNECTICUT

By: _____

Name: Denise L. Nappier

Title: Treasurer

Dated: _____

EXHIBIT A

[DESCRIPTION OF COLLATERAL]

EXHIBIT B

[RESOLUTIONS]