

APPENDIX C-2

**INSTRUCTIONS FOR COMPLETING THE NCUA CENTRAL LIQUIDITY FACILITY
REPAYMENT, SECURITY AND CREDIT REPORTING AGREEMENT FOR
REGULAR MEMBERS
CLF-8703**

In order to eliminate the need to sign documents each time an advance is made, the Central Liquidity Facility (Facility) requires each member to sign a repayment, security and credit reporting agreement governing all advances by the Facility.

The enclosed agreement includes a promise to repay all advances, the security agreement, and the other loan terms which are known in advance. Other more specific terms, such as the amount, interest rate, maturity and the schedule of payments will be disclosed in a confirmation that will be sent to the borrowing credit union each time an advance is made. The agreement also includes a credit reporting agreement which establishes reporting requirements to enable the Facility to obtain information concerning the status of its advances.

To properly complete the agreement, type or print the data requested at the top of page one and at the bottom of the last page. For the line designated "Charter/Insurance Certificate Number" on page one; enter your credit union's charter number if federally chartered or National Credit Union Share Insurance Fund (NCUSIF) certificate number if federally insured. Leave blank if your credit union is neither federally chartered nor insured by NCUSIF.

The Chief Elected Official and the Treasurer should sign on the lines provided on the last page. Return a original executed copy in the pre-addressed envelope. Retain a copy for the credit union's files.

CLF-8703

***The CLF may not collect this information, and you are not required to complete this form unless it displays a currently valid control number. Estimated time to complete this form is 3 hours.

APPENDIX C-2
NCUA CENTRAL LIQUIDITY FACILITY REPAYMENT, SECURITY AND CREDIT REPORTING
AGREEMENT (Regular Member)

(Corporate Name of Credit Union)

Charter /Insurance Certificate Number

City

State

PARTIES

(1) **Effective date.** This agreement is between the National Credit Union Central Liquidity Facility (hereinafter "the Facility") and a Regular member of the Facility (hereinafter "the Member"). It becomes effective when signed by the Regular member and the Facility and shall remain in effect as long as the Regular member is a member of the Facility or there is any unpaid repayment obligation created hereunder between the Regular member and the Facility.

(2) **CLF Rules and regulations.** All advances of Facility funds to the Regular member are subject to the terms and conditions of this agreement and to applicable terms and conditions in the National Credit Union Central Liquidity Facility Act, rules and regulations prescribed by the NCUA Board on behalf of the Facility, and operating circulars issued by the Facility, including all amendments and supplements thereto. The Regular member shall perform each of the obligations imposed on it by any such term or condition.

REPAYMENT

(3) **Confirmation.** In connection with each advance of Facility Funds to the Regular member, the Facility shall issue a confirmation of credit (hereinafter the "confirmation") which shall be sent to the Regular member. The confirmation may be issued before or after the date of the advance and shall be in such form and sent in such manner as may be determined by the Facility. The confirmation shall specify:

- (i) the date of the advance;
- (ii) the amount of the advance;
- (iii) the interest rate;
- (iv) the principal repayment date or dates, if any;
- (v) the amount due on each such principal repayment date (excluding interest);
- (vi) the interest payment date or dates, if any;
- (vii) the maturity date; and
- (viii) the types of liquidity needs for which the Facility funds are advanced (i.e., short-term adjustment credit, seasonal credit, or protracted adjustment credit);
- (ix) the security given for the advance.

The confirmation may also specify the manner in which the Regular member must pay the Facility on the maturity date. A confirmation may be combined with other information, including other confirmations, in a listing or other form of communication. More than one advance of Facility funds

may be included, with or without other funds, in a single transfer of funds from the Facility to the Regular member.

(4) **Loan application; use of funds.** The Regular member's application for a Facility advance must be filed on a Facility-approved application form, or pursuant to any other method approved by the Facility. Each advance of Facility funds shall be used by the Regular member **solely** for the liquidity needs for which funds were advanced, as specified in the confirmation issued by the Facility in connection with the advance. If funds were previously borrowed by the Regular member from a party other than the Facility to meet the liquidity needs for which Facility funds were advanced, the advance of Facility funds may be used to repay the borrowed funds.

(5) **Repayment obligation.** When the Regular member receives an advance of Facility funds, a repayment obligation is created (herein a "repayment obligation created hereunder") whereby the Regular member, for value received, agrees:

(i) to pay to the Facility on each principal repayment date an amount equal to the principal amount due on such principal repayment date plus unpaid interest from the date of the advance through such principal repayment date; and

(ii) to pay the Facility on each interest payment date an amount equal to unpaid interest from the date of the advance through such interest payment date; and

(iii) to pay the Facility on the maturity date an amount equal to the unpaid balance of the amount of the advance, if any, plus unpaid interest from the date of the advance through such maturity date; and

(iv) if the amount due on the maturity date or any principal repayment date or interest repayment date is not paid on or before such date, to pay the Facility

(a) reasonable expenses of collection, including the reasonable attorney's fees and expenses incurred, plus

(b) a late payment charge equal to 5% of the unpaid balance of the principal amount due on such date, plus

(c) interest after such date on the unpaid balance of the principal amount due on such date.

As used herein, unless the context otherwise requires, the date and amount of the advance, the interest rate, the principal repayment and interest payment dates, the principal amount due on each such principal repayment date, and the maturity date are the dates, amount and rate specified as such in the confirmation issued by the Facility in connection with the advance. Interest shall be determined hereunder as follows,

using the interest rate specified as such in the confirmation: commencing on the date of the advance, interest shall accrue each day on the unpaid balance of the amount of the advance, and the unpaid interest from the date of the advance through any date shall be equal to accrued interest through such date less the portion of such accrued interest that has been paid prior to such date. The Regular member may make a prepayment in any amount at any time. Each payment and each prepayment shall be applied first to any unpaid late payment charge, then to unpaid interest through the date of the payment or prepayment, and then to the unpaid balance of the amount of the advance. When the unpaid balance of the amount of the advance is reduced as a result of a prepayment, the principal amount due on the next succeeding principal repayment date shall be reduced by an amount equal to the reduction in the unpaid balance of the amount of the advance. The Facility may waive any part or all of the interest or late payment charge. If the amount owed to the Facility on all repayment obligations created hereunder become immediately due and payable under the terms of this agreement, the maturity date, as used herein, is the date such amounts become immediately due and payable or the date specified in the confirmation as the maturity date, whichever occurred first.

The Regular member may make a prepayment in any amount at any time provided, however, that the Facility shall impose on any such prepayment, a prepayment penalty equivalent to any resultant prepayment penalty or cost incurred by the Facility.

SECURITY

(6) **Collateral.** To secure the repayment obligation created by an advance of funds pursuant to this agreement, the regular member grants the Facility a security interest (the "collateral") as set forth below:

- (i) a first priority security interest in the following described assets of the regular member having a net book value of at least 110% of the funds advanced, unless the advance is guaranteed by the national Credit Union Share Insurance Fund (NCUSIF): _____; **OR**
- (ii) a security interest in all assets of the regular member, including but not limited to:
 - (a) all notes, instruments, and other monetary obligations (written or unwritten) which evidence or represent right of the Regular member to the payment or repayment of money;
 - (b) all chattel paper, as defined in the Uniform Commercial Code;
 - (c) all securities (whether or not represented by instruments), including shares in the capital stock of the Facility;
 - (d) all demand, time savings, passbook and loan accounts, including share accounts, maintained with a bank, savings and loan association, credit union or like organization;
 - (e) money, as defined in the Uniform Commercial Code;
 - (f) all general intangibles, as defined in the Uniform Commercial Code;¹ and

- (g) all proceeds of all such notes, instruments, monetary obligations, chattel paper, securities, accounts, money and general intangibles.

(7) **Perfection.** The Facility shall have the right at any time to perfect the security interest granted hereunder with respect to any part or all of the collateral, either by filing or by taking or retaining possession thereof. If perfection is by filing, the Regular member shall sign a financing statement and such other papers as may be appropriate for filing and shall pay all necessary filing fees. If perfection is by taking possession, the Regular member shall take such action as may be necessary to transfer possession to the Facility, including delivery to the Facility or its designee at the expense of the Regular member. The Facility may subordinate or terminate its security interest in any part of all of the collateral subject to such terms and conditions as the Facility may impose.

(8) **Third-party security interest.** The Regular member may not pledge or grant a security interest in any asset in which a security interest is granted to the Facility under this agreement if, as a result, the net book value of the collateral would fall below 110% of the amount owed. The Facility may at any time further restrict or prohibit the pledging or granting of security interests in the collateral or the borrowing of amounts that are secured by any pledge or security interest. Except as stated in this paragraph, or as further restricted or prohibited by the Facility, the Regular member may at any time pledge or grant security interests in the collateral to parties other than the Facility, including corporate credit unions. The Regular member must report such security interests to the Facility as follows: Each application of the Regular member for Facility advance shall show the total amount borrowed by the Regular member from sources other than the Facility and shall identify the types of assets, if any, which the Regular member has pledged or subjected to a security interest in order to secure repayment of the amounts borrowed. If there is an increase in the total amount borrowed from other sources, as shown in the application or any subsequent report, the Regular member shall report the increase to the Facility within five business days after the increase occurs. The report shall show the total amount currently borrowed from other sources (including the increase) and shall identify the types of assets, if any which the Regular member has pledged or subjected to a security interest in order to secure repayment of the amounts borrowed. A report of the increase is not required if the Regular member does not owe any amount to the Facility on any repayment obligation created hereunder.

(9) **Acceleration and default.** The amounts owed to the Facility on all repayment obligations created hereunder shall become immediately due and payable to the Facility, without any demand or notice, upon:

- (i) the failure of the Regular member to perform any of its obligations under this agreement, including failure to pay the amount due on any maturity date, principal repayment date or interest repayment under any repayment obligation created hereunder; or
- (ii) the failure of the Regular member to pay any other obligation to the Facility when due; or
- (iii) the failure to comply with the terms of any undertaking, statement or representation made

- by the Regular member to the Facility in any application, certification or other communication; or
- (iv) the insolvency of, or appointment of a trustee or receiver for, the Regular member; or
- (v) an assignment for the benefit of creditors of the Regular member; or
- (vi) the closing or suspension or revocation of the charter of the Regular member, or the taking possession of its business, by any governmental authority; or
- (vii) the Regular member's use of the proceeds of any advance for a purpose other than the liquidity needs for which the advance was made; or
- (viii) the withdrawal of the Regular member from membership in the Facility.

The occurrence of any of the events described in subparagraphs (9)(i) through (9)(viii) hereof shall constitute a default under this agreement. The term "insolvency" in subparagraph (9)(iv) hereof has the same meaning as in 12 CFR 700.1 (j)(1). The Facility may waive a default under this agreement and may reinstate the maturity date on any repayment obligation created hereunder which becomes immediately due and payable as a result of any such default.

(10) **Enforcement.** Upon the occurrence of a default under this agreement, or at any time thereafter, the Facility shall have all the rights and remedies provided under the Uniform Commercial Code and under this agreement, including but not limited to any one or more of the following: the Facility may -

- (i) take or retain possession of the collateral, or any part thereof,
- (ii) collect the proceeds of the collateral,
- (iii) notify obligors on the collateral to make payments to the Facility,
- (iv) sell or otherwise dispose of any part or all of the collateral at public or private proceedings,
- (v) buy the collateral or any part thereof, and
- (vi) retain the collateral, or any part thereof, in satisfaction of any part of all of the obligations secured by the collateral.

The proceeds of the collateral, including the proceeds of sale or other disposition thereof, shall be applied by the Facility first to the reasonable expenses of collecting such proceeds and of taking, holding, and selling the collateral, including the reasonable attorney's fees and legal expenses incurred, and then to the payment of amounts due on all repayment obligations created hereunder. Any surplus then remaining

shall be paid or returned to the Regular member. If there is a deficiency, the Regular member shall be liable for the deficiency. If the Facility is indebted to the Regular member, the Facility shall have the right to set-off such indebtedness against all amounts due the Facility on all repayment obligations created hereunder, without regard to when such indebtedness may be due and payable.

CREDIT REPORTING

(11) **Required reports.** The Regular member shall file such reports and provide such information as may be required by the Facility from time to time.

CONSTRUCTION AND MODIFICATION

(12) **Governing law.** This agreement shall be construed under and governed by the law of the Commonwealth of Virginia, including the Uniform Commercial Code as adopted and amended from time to time by the Commonwealth of Virginia, and the terms used in such Code shall have the same meaning when used in this agreement. All references to the Uniform Commercial Code in this agreement are to such Code as adopted and amended from time to time by the Commonwealth of Virginia. Unless the context of this agreement requires otherwise, the terms used in such Code shall have the same meaning when used in this agreement. Unless the Uniform Commercial Code or the context of this agreement otherwise requires, the terms defined in the rules and regulations prescribed by the NCUA Board on behalf of the Facility shall have the same meanings when used in this agreement.

(13) **Modification procedures.** This agreement may be modified from time to time by the NCUA Board. Any such modifications shall be published in the Federal Register and shall become a part of this agreement as of the effective date specified in the Federal register. The modification shall apply to all advances of Facility funds after such effective date. All such modifications are a part of this agreement, including modifications that occurred prior to the signing of this agreement.

(14) **Communication.** Unless otherwise directed by the facility, all applications, reports, notifications, and other communications from the Regular member to the Facility shall be filed with a Facility lending officer.

¹General intangibles are any personal property other than goods, accounts, chattel paper, documents instruments or money. Examples of general intangibles are the right to receive payment of a loan not evidenced by an instrument or chattel paper, rights to performance, and business goodwill.

Accepted By: _____ Date Accepted: _____

(Signature) Chief Elected Official

(Print or Type Official's Name)

(Signature) Treasurer

(Print or Type Official's Name)

(Signature) NCUA Central Liquidity Facility

(Date of Execution of this Agreement)

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