

This Section for Official Use Only

Date (YYYY/MM/DD) \_\_\_\_\_ / \_\_\_\_ / \_\_\_\_

Financial Institution Name: \_\_\_\_\_

RTN: \_\_\_\_\_ 5902 ID: \_\_\_\_\_

## COLLATERAL PLEDGE AND SECURITY AGREEMENT

This Collateral Pledge and Security Agreement (Agreement) is between

\_\_\_\_\_  
*(Name of financial institution)*

("Depository"), a duly organized financial institution, and the U.S. Department of the Treasury ("Treasury").

**WHEREAS**, Depository accepts, or desires to accept, deposits of funds of the United States and/or funds subject to the control or regulation of the United States ("Public Money") in connection with the performance of depository or other financial services for the Government as requested by Treasury ("Services"); and

**WHEREAS**, in order to permit Depository to hold deposits of Public Money, Treasury requires Depository to collateralize the amount of such deposits that exceed the limits of insurance provided by the Federal Deposit Insurance Corporation or the National Credit Union Administration by the pledge of, and the grant of a security interest in, certain Collateral as defined herein;

**NOW THEREFORE**, in consideration of Treasury permitting the Depository to accept and hold deposits of Public Money, and for other good and valuable consideration hereby acknowledged as received, the parties mutually agree as follows:

1. **Pledge of Collateral:** Depository hereby pledges to Treasury Collateral of the classes described, and under the terms and conditions set forth, in 31 CFR Parts 202 and 380, other relevant Treasury regulations and instructions, the Federal Reserve Banks' Operating Circular No. 9, and other collateral policies and procedures of the Federal Reserve Banks, as each may be amended from time to time, which Collateral shall be in such amount as Treasury may require from time to time. Depository agrees to maintain the pledge of such Collateral at all times while performing the Services. Such Collateral, and any addition thereto or substitution therefore, shall be deposited with Treasury or with any Federal Reserve Bank acting as Treasury's fiscal agent. In the case of book-entry securities, Depository shall cause the appropriate Federal Reserve Bank to make such entries on its books to identify the Collateral as being pledged to Treasury. If approved by Treasury or its fiscal agent, Collateral may also be held for the benefit of Treasury in a Custody Account with an approved third-party Custodian, and Depository hereby pledges to Treasury the Custody Account, any and all investment property and security entitlements from time to time held in, by, or for the benefit of the Custody Account, and all proceeds thereof.
2. **Definition:** The term "Collateral" as used herein means the securities and obligations, any addition thereto or substitution therefor, all interest, dividends, distributions and sums distributed or payable therefrom, all other rights and privileges incident to such securities, and all proceeds and profits of such securities and obligations, all of which are pledged by Depository to Treasury. "Collateral" also includes the aforementioned Custody Account and any and all investment property and security entitlements from time to time held in, by, or for the benefit of the Custody Account, and all proceeds thereof, all of which are

pledged by Depository to Treasury.

3. **Grant of Security Interest:** Depository hereby grants, transfers, delivers, and assigns to Treasury a lien on and security interest in the Collateral as security for the timely and complete performance of the Services and all other obligations of the Depository concerning deposits of Public Money arising out of any agreement with Treasury. Depository agrees to take all steps requested by Treasury to create, maintain, and perfect Treasury's security interest in the Collateral granted by this Agreement.
4. **Subject Public Money Deposits:** The pledge and security interest granted herein shall secure not only such Public Money as is held by Depository at the time of this Agreement, but also any and all Public Money subsequently deposited in Depository regardless of the accounts in which such funds may be held or identified by Depository.
5. **Substitution of Collateral:** Depository shall have the right at any time to seek approval of Treasury, acting by itself or through its fiscal agent, to substitute Collateral of equal or greater value and of eligible types. Depository shall provide Treasury or its fiscal agent with a statement of the respective values of the Collateral to be replaced and the Collateral to be substituted. No Collateral, except for normal income and principal distributions (not including proceeds of maturities), may be substituted without the prior written approval of Treasury or its fiscal agent. Depository acknowledges that all substituted and additional Collateral is subject to the pledge and security interest granted by this Agreement.
6. **Depository Representations:** Depository represents and warrants that:
  - a. It is a financial institution duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization and is not in violation of any laws or regulations in any respect of which could have any adverse effect whatsoever on the validity, performance, or enforceability of any of the terms of this Agreement;
  - b. It has, or will have as of the time of delivery of any Collateral under this Agreement, the right, power, and authority to grant a security interest therein with priority over any other rights or interest therein;
  - c. It is duly authorized, by resolution of the Board of Directors, Governing Body, or Loan Committee of the Depository which is reflected in the minutes of a meeting of that body, and has full right, power, and authority to execute this Agreement, and to pledge and grant a security interest with respect to the Collateral. The resolution remains in full force and effect without modification or rescission and copies of the resolution and relevant portion of the minutes of said meeting are attached hereto as Exhibit A and made a part hereof;
  - d. It is the true and legal owner of all Collateral pledged under this Agreement;
  - e. The Collateral is free and clear of all liens and claims and will remain free and clear of any and all security interests, liens, and claims of any other person, except for the security interest herein granted to Treasury;
  - f. No other person or entity has any right, title, or interest in the Collateral; and

- g. The Collateral has not been pledged or assigned for any other purpose.

Depository shall be deemed to repeat such representations and warranties with respect to any substituted or additional Collateral.

- 7. **Continuously Maintain Agreement as Official Record:** Depository agrees that it will immediately upon execution of this Agreement keep and continuously maintain, as part of its official records, an executed copy of this Agreement and such other customary writings and records sufficient to identify those securities which have been pledged to Treasury.
- 8. **Treasury's Obligation:** Depository agrees that Treasury's sole obligation to Depository with respect to Collateral is to return or release, or cause the return or release of, the Collateral to Depository at the termination, and full performance by Depository, of its obligations with respect to all deposits of Public Money secured hereunder.
- 9. **Rights Upon Default:** In the event of:
  - a. Depository's failure to pay, when due, the whole or any part of the Public Money deposited with the Depository;
  - b. The failure for any reason of any federal Government entity to receive promptly funds to be transmitted or otherwise handled by Depository in the performance of the Services;
  - c. Any other default, failure, or breach in the observance or performance by Depository of any of its obligations, duties, or requirements concerning deposits of Public Money hereunder or under any other agreement with Treasury;
  - d. Any representation or warranty of Depository made herein being incorrect or untrue as of the date hereof or any date hereafter;
  - e. Any failure or suspension of active operations of Depository, including but not limited to insolvency, bankruptcy, or unsatisfactory financial or safety and soundness conditions; or
  - f. Depository being closed for business by law or by proper corporate action, or a receiver, or conservator, or liquidator, or any other officer being appointed for the purpose of terminating the business of the Depository,

then Depository shall be in default of this Agreement and Treasury shall have all the rights and remedies of a secured party under all applicable federal and state laws with respect to the Collateral, including without limitation the right, without prior notice or demand, through such agents as Treasury may designate for the purpose, to forthwith unilaterally redeem or sell the Collateral, and any addition thereto or substitution therefore, or any part thereof, at either public or private sale, and apply the proceeds of such redemption or sale, after deducting all necessary or proper expense of such redemption or sale, to the payment of Public Money deposited with Depository or the repayment of Public Money received by Depository for transmission or handling, or both, with Depository to remain liable for any deficiency, and with any surplus remaining from the proceeds of the redemption or sale of such securities after payment or repayment in full

has been made, to be paid to Depository, or its receiver or conservator.

In the event of default, Treasury shall also have the right to unilaterally direct such agents as Treasury may designate for the purpose to instruct any Custodian of Collateral to liquidate the Collateral held in any Custody Account and pay the proceeds thereof to Treasury or its agent, and to exercise any and all other security entitlements with respect to the Custody Account and the other Collateral, to withdraw the Collateral, or any part thereof, from the Custody Account and deliver such Collateral to Treasury or its agent, or to transfer the Collateral or any part thereof into the name of Treasury or its nominee, and ownership of the Collateral shall transfer to Treasury.

Depository authorizes the release, withdrawal, and delivery of the Collateral to Treasury upon default by Depository, and authorizes such agents as Treasury may designate to perform the above tasks to rely, without verification, on the written statement of Treasury as to the existence of a default and to comply with all instructions issued by Treasury without further consent of Depository.

10. **Incorporation by Reference:** The provisions, terms, and conditions of 31 CFR Parts 202 and 380, other relevant Treasury regulations and instructions, the Federal Reserve Banks' Operating Circular No. 9, and other collateral policies and procedures of the Federal Reserve Banks, as each may be amended from time to time, are incorporated by reference as if each were fully set forth herein.
11. **Successors and Assigns:** This Agreement is binding upon the Depository, its successors and assigns, and shall inure to Treasury's benefit, and its successors and assigns.
12. **Modification:** The provisions of this Agreement may be supplemented, amended, or modified at any time by agreement in writing between Depository and Treasury, as provided by the attached resolution of Depository's Board of Directors or Loan Committee, except that Treasury retains the right to revoke this agreement at any time without prior notification to Depository.
13. **Effective Date:** This Agreement shall become effective on the date this Agreement is executed by Treasury or Treasury's fiscal agent on its behalf, and shall continue in full force and effect until terminated by the Parties.
14. **Termination:** This Agreement remains in effect until terminated. Depository or Treasury may initiate the termination of this Agreement by sending written notice to the other party of its desire to terminate the Agreement. The Agreement will terminate only after Treasury confirms in writing to Depository that Depository no longer holds deposits of Public Money that are required to be collateralized.
15. **Fiscal Agent of the United States:** Depository acknowledges that Treasury has authorized the Federal Reserve Bank indicated below to receive this Agreement and sign on behalf of Treasury as its fiscal agent, and understands that the Federal Reserve Bank indicated below will only do so if Depository's Resolution referred to in Paragraph 6(c) above predates the Effective Date of this Agreement. Accordingly, the Depository acknowledges that the Federal Reserve Bank may take actions on behalf of Treasury consistent with the purposes of this Pledge and Security Agreement.
16. **Superseding Agreement:** After the Effective Date, this Agreement shall supersede any prior collateral agreement between the parties, and the terms hereof shall apply to and be binding on all current Collateral

deposited under any prior agreement between the parties.

**In witness whereof**, the parties have executed this Agreement by the undersigned duly authorized officers of the parties hereto.

**FOR DEPOSITARY**

\_\_\_\_\_  
Name of Financial Institution, City, State

\_\_\_\_\_  
Financial Institution ABA/RTN #

\_\_\_\_\_  
Signature of Officer Executing Agreement

\_\_\_\_\_  
Name & Title of Officer Executing Agreement

(SEAL)

ATTEST

\_\_\_\_\_  
Signature of Attesting Officer

\_\_\_\_\_  
Name of Attesting Officer

\_\_\_\_\_  
Title of Attesting Officer

**FOR U.S. DEPARTMENT OF THE TREASURY**

\_\_\_\_\_  
Signature of Treasury or FRB Official

\_\_\_\_\_  
Name & Title of Treasury or FRB Official

\_\_\_\_\_  
Organization of Official

\_\_\_\_\_  
Effective Date

## PAPERWORK REDUCTION ACT NOTICE

We estimate it will take you about 15 minutes to complete this form. However, you are not required to provide information requested unless a valid OMB control number is displayed on the form. Any comments or suggestions regarding this form should be sent to the Bureau of the Fiscal Service, Forms Management Officer, Parkersburg, WV 26106-1328.

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