



STATE OF CONNECTICUT  
OFFICE OF THE STATE TREASURER

**SECURITY AGREEMENT**  
(FORM PUBLIC DEPOSIT)

This SECURITY AGREEMENT (the "Agreement") dated as of \_\_\_\_\_, 200\_, is made between **[Name of Bank]** (the "Bank"), a \_\_\_\_\_, 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 Bank 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 Bank (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 Bank 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 Bank, 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 Bank 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 Bank 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 the Custodial Trust Agreement (the "Trust Agreement"), which Trust Agreement is attached hereto as Exhibit A and which the Bank hereby certifies has been executed by the parties thereto, 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 Bank 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. The execution by the Bank of the Trust Agreement shall in no way relieve it of any of its duties or obligations hereunder or under 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 Bank at the time of this Agreement, but also any and all subsequent Public Deposits made by the Public Depositor in the Bank regardless of the accounts in which such funds may be held or identified by the Bank.

3. The pledge of Eligible Collateral by the Bank 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 Bank 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 Bank and may withdraw them at any time without notice. It is agreed that when the Bank 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 Bank and the Public Depositor shall take whatever actions may be necessary to cause a transfer of such securities to the Bank 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 Bank hereby represents that (i) it is a **[national banking association/state chartered savings bank]** duly organized and validly existing under the laws of the **[United States of America/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 Bank'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 Bank, any agreement or instrument to which the Bank may be a party, any rule, regulation or order of any banking regulator applicable to the Bank, or any internal policy of the Bank 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 Bank.

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 Bank 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 BANK]

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

STATE OF CONNECTICUT

By: \_\_\_\_\_  
Name: Denise L. Nappier  
Title: Treasurer

Dated: \_\_\_\_\_

EXHIBIT A

CUSTODIAL TRUST AGREEMENT

This Custodial Trust Agreement ("Agreement"), dated as of \_\_\_\_\_, 2001, is made between **[name of financial institution acting as Custodian (whether or not the institution is the same as the institution acting as public depository)]**, a **[type of bank - national or state, bank and trust, savings or savings and loan]**, as custodian (the "Custodian"), for the Commissioner of Banking of the State of Connecticut, and **[name of financial institution acting as public depository]**, a **[type of bank - national or state, bank and trust, savings or savings and loan]** (the "Public Depository").

WITNESSETH:

WHEREAS, the Public Depository receives or holds "public deposits", as said term is defined by Connecticut General Statutes Section 36a-330(4) ("Public Deposits"); and

WHEREAS, the Public Depository is required by Connecticut General Statutes Section 36a-333 to grant a security interest in its public deposits to the Commissioner of Banking of the State of Connecticut (the "Commissioner") for the benefit of public depositors by the segregation of "eligible collateral," as said term is defined by Connecticut General Statutes Section 36a-330(1) ("Eligible Collateral"); and

WHEREAS, the Public Depository desires to appoint the Custodian and the Custodian desires to act as custodian for the public depository in the conduct of its duties under Chapter 665a of the Connecticut General Statutes, all upon the terms and conditions and subject to the limitations hereinafter set forth;

NOW THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Custodian and the Public Depository hereby agree as follows:

1. Transfer of Collateral.

a. Initial Transfer. The Public Depository hereby transfers to the Custodian, on behalf of the Commissioner, subject to the security interest granted to public depositors under Chapter 665a of the Connecticut General Statutes, the collateral described in Schedule 1 attached hereto (the "Collateral"). The Public Depository certifies that the Collateral is Eligible Collateral, subject to the requirements of Chapter 665a of the Connecticut General Statutes and regulations adopted pursuant thereto (together, the "Public Deposits Act").

b. Additions and Substitutions of Collateral. The Public Depository may, from time to time, transfer to and deposit with the Custodian additional Eligible Collateral or moneys for the purchase of additional Eligible Collateral, to be held by the Custodian pursuant to the terms of this Agreement; provided, however, that if in its sole discretion the Custodian deems the same necessary or convenient, the Public Depository and the Custodian shall first have entered into an amendment to this Agreement describing additional or different terms subject to which the Custodian will receive, hold and dispose of such additional Eligible Collateral. Except as otherwise provided in an amendment to this Agreement, upon transfer or purchase thereof by the Custodian, such additional Eligible Collateral shall be subject in all respects to the terms of this Agreement, and the word "Collateral" as used in this Agreement shall include such additional Eligible Collateral. If Collateral is purchased by the Custodian with moneys provided by the Public Depository, including moneys designated for such purpose pursuant to Section 2 hereof, such purchase of Collateral shall be at the written direction of the Public Depository, specifically identifying the Collateral to be purchased.

c. Public Depository's Transfer Certificate. Each transfer of Collateral or money for the purchase of Collateral, including the initial transfer of Collateral under this Agreement, shall be accompanied by a certificate of the Public Depository stating, as applicable, the par value or original face amount, current par value, interest rate, CUSIP number, maturity date, market value and security rating of the Collateral transferred or to be purchased. The certificate shall also contain a description of the Collateral and shall state that the Collateral is being transferred to **[name of financial institution acting as custodian]**, as Custodian, pursuant to this Agreement.

2. Sale or Disposition of the Collateral; Recoveries of Moneys With Respect to the Collateral.

The Custodian shall not sell or otherwise dispose of the Collateral prior to its maturity. Notwithstanding the foregoing, the Custodian shall, if and as directed in writing by the Public Depository, transfer to the Public Depository, sell or otherwise dispose of any or all of the Collateral. The Custodian shall pay to the Public Depository the proceeds, if any, of any such sale or other disposition of the Collateral. The Custodian shall promptly pay to the Public Depository all other moneys, other than interest (which is to be paid to the Public Depository pursuant to the terms of Section 3 hereof), received by the Custodian with respect to the Collateral. Notwithstanding the foregoing, the Public Depository may provide to the Custodian written instructions to apply all or any part of such proceeds or moneys to the purchase of additional Collateral, provided that such purchase of additional Collateral shall be subject to the terms of Section 1 hereof.

3. Interest Fund.

An Interest Fund (the "Interest Fund") is hereby established with the Custodian, into which Interest Fund the Custodian shall deposit any interest or other amounts (excluding amounts subject to the terms of Section 2 hereof) received by the Custodian on the Collateral. (It is understood that the Custodian shall not receive any interest on any mortgage loans held as Collateral hereunder.) By the fifteenth day of April, July, October, and January of each year during the term of this Agreement, the Custodian shall pay to the Public Depository any amounts then held in the Interest Fund, subject, however, to the Custodian's lien or right of set off pursuant to Section 5(d) hereof.

4. Custodian's Certificate; Notice of Noncompliance.

Prior to or upon execution of this Agreement, the Custodian will deliver to the Public Depository a certificate in substantially the form attached hereto as Schedule 2, stating that the Custodian: (a) is authorized under law to exercise fiduciary powers in the State of Connecticut; (b) has its main office and principal place of business in Connecticut; complies with all applicable capital guidelines and requirements as described in the Public Deposits Act; has assets which exceed its liabilities; and that the Custodian's execution and performance of this Agreement is legal, valid, binding, and enforceable in accordance with the terms of this Agreement; and (c) is either federally insured or has the approval of the Commissioner to act as custodian hereunder despite not being federally insured. The Custodian agrees to notify the Commissioner and the Public Depository immediately in writing if at any time (a), (b), or (c) ceases to be true of the Custodian.

5. Concerning the Custodian.

a. Custodian's Duties and Responsibilities. The Custodian may act upon any instrument or other writing believed by it in good faith to be genuine and to have been signed or presented by the proper person and shall not be liable to any party hereto or to the Commissioner in connection with the performance of its duties hereunder, except for its own **[gross]** negligence or willful misconduct. The Custodian's duties shall be determined only with reference to this Agreement and the Public Deposits Act (as it relates specifically to the qualifications or duties of the Custodian) and the Custodian is not charged with knowledge of or any duties or responsibilities in connection with any other document or agreement. **[If in doubt as to its duties and responsibilities hereunder, the Custodian may consult with counsel of its choice and shall be protected in any action taken or omitted upon the advice of such counsel.]**

b. Liability of the Custodian. The Custodian shall maintain and segregate all Collateral which at any time comes into its possession in accordance with the customary standards in the industry for such possession. The Custodian shall not be liable for any loss resulting from the investment of any moneys held by it hereunder. The Custodian shall in no event be liable for any violation by the Public Depository of, or be responsible to ensure the Public Depository's compliance with, the Public Deposits Act. In addition, the Custodian makes no representations concerning Connecticut law as it relates to the Public Depository's holding and securing of Public Deposits under the requirements of the Public Deposits Act applicable to the Public Depository. The Collateral is subject to the requirements of the Public Deposits Act; provided, however, that the Custodian shall have no liability to ensure the Public Depository's compliance with such requirements.

c. Indemnification; Fees and Expenses. In consideration of the Custodian's acceptance of its appointment as the Custodian, the Public Depository agrees to indemnify and hold the Custodian harmless as to any liability incurred by the Custodian to any person, firm or corporation, including, without limitation, to the Commissioner or other authority of the State of Connecticut, by reason of its having accepted the same or in carrying out any of the terms hereof, and to reimburse the Custodian for all its expenses, including among other things, counsel fees and court costs, incurred by reason of its position hereunder or actions taken pursuant hereto, except in the event of the gross negligence or willful misconduct of the Custodian. The Public Depository agrees that the Custodian shall not be liable to it for any actions taken by the Custodian pursuant to the terms hereof. The Public Depository agrees to pay the fees of the Custodian pursuant to the terms of a fee letter delivered by the Custodian to the Public Depository and accepted by the Public Depository. The Public Depository also agrees to pay on demand the Custodian's costs and expenses, including the fees and expenses of counsel and independent appraisers used by the Custodian, reasonably incurred in connection with its duties hereunder.

d. Custodian's Lien. The Custodian shall have a lien or right of set off on all moneys held in the Interest Fund to pay all fees, expenses and indemnities under this Agreement, and on all moneys being returned to the Public Depository pursuant to Section 2 hereof.

e. Resignation. The Custodian shall have the right at any time to resign hereunder by giving written notice of its resignation to the Public Depository at the address set forth herein or at such other address as the Public Depository shall provide, at least thirty (30) business

days prior to the date specified for such resignation to take effect (the "Effective Date") and upon the Effective Date all moneys, Collateral, and proceeds of Collateral then held by the Custodian hereunder shall be delivered by it to the successor custodian designated in writing by the Public Depository. Any such resignation shall not be effective until a successor custodian has been appointed by the Public Depository. As used in this Agreement, the term "business day" means any Monday through Friday, excluding any day on which the Public Depository is authorized or required to be closed under Connecticut or federal law.

f. Delivery of Collateral to the Commissioner. Promptly upon receipt of written demand of the Commissioner, and without need of inquiry as to the reason or appropriateness thereof, the Custodian shall transfer and surrender to the Commissioner all or any part of the Collateral, as demanded by the Commissioner. If the Custodian transfers all of the Collateral held by it hereunder to the Commissioner, the Custodian shall, concurrently therewith, transfer to the Public Depository all moneys held by it hereunder, subject to the Custodian's lien pursuant to Section 5(d) hereof, and this Agreement shall thereupon terminate in accordance with the terms of Section 6 hereof.

g. Insurance. The Custodian shall, at its own expense, maintain at all times during the existence of this Agreement and keep in full force and effect (a) fidelity insurance, (b) theft of documents insurance, (c) forgery insurance and (d) errors and omissions insurance. All such insurance shall be in amounts, with standard coverage and subject to deductibles, as are customary for insurance typically maintained by banks which act as Custodian in similar transactions. A certificate of the respective insurer as to each such policy shall be furnished to the Public Depository, upon request, containing the insurer's statement or endorsement that such insurance shall not be materially altered or terminated prior to receipt by the Public Depository, by registered mail, of 10 days notice thereof. **[Notwithstanding the foregoing, the Custodian may elect to self-insure in lieu of providing the insurance coverage specified in items (b), (c) and (d) above. ]**

h. Miscellaneous. The Custodian may execute any of its powers or responsibilities hereunder and exercise any rights hereunder either directly or by or through its agents or attorneys. Nothing in this Agreement shall be deemed to impose upon the Custodian any duty to qualify to do business or to act as fiduciary or otherwise in any jurisdiction other than in the State of Connecticut. The Custodian shall not be responsible for and shall not be under a duty to examine into or pass upon the validity, binding effect, execution or sufficiency of this Agreement or any agreement amendatory or supplemental hereto with regard to the Public Depository.

## 6. Termination.

This Agreement shall terminate upon the Effective Date of the Custodian's resignation, or at any time at the option of the Public Depository by written notice to the Custodian terminating this Agreement and instructing the Custodian to transfer all moneys, Collateral, and proceeds of Collateral then held by it hereunder to the Public Depository or to a successor custodian, or upon transfer of all of the Collateral to the Commissioner and of other moneys to the Public Depository pursuant to Section 5(g) hereof. The provisions of Subsections 5(c) and (d) hereof shall survive termination of this Agreement.

7. Notices.

All notices, requests, consents, instructions, demands and other communications required under this Agreement shall be in writing and, unless otherwise specifically provided, may be delivered personally, by telegram, telex, facsimile, or by first class mail, postage prepaid, or by express delivery service, at the addresses set forth below, or such other addresses as may hereafter be furnished to the other parties by like notice. Any such demand, notice or communication hereunder shall be deemed to have been received on the date delivered to or received at the premises of the addressee at:

If to the Custodian:

If to the Public Depository:

8. Amendments.

No modification or amendment of or supplement to this Agreement shall be valid or effective unless the same is in writing and signed by all the parties hereto.

9. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

10. Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

11. Quarterly Notices.

By the fifteenth day of April, July, October and January of each year during the term of this Agreement, the Custodian shall provide to the Public Depository a statement: (1) listing the Collateral held by the Custodian; (2) stating the aggregate Value (as defined below) of the Collateral; and (3) itemizing the interest and other amounts received on the Collateral and deposited into the Interest Fund pursuant to Section 3 hereof. The Value of Collateral shall be its market value, if the same is readily determinable. If the market value of Collateral is not readily determinable from sources available to the Custodian in the ordinary course of its corporate trust business, which includes all Collateral consisting of mortgage loans, then the Custodian shall have no obligation to determine the value of such Collateral.

12. Successors and Assigns.

This Agreement shall be binding upon the parties hereto and their respective heirs, legal representatives, executors, administrators, successors and assigns.

13. Severability

If any of the provisions of this Agreement shall be held invalid, then such provisions shall be deemed severable from the remaining provisions of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

14. Further Assurances.

Upon demand, the Public Depository will execute and deliver to the Custodian such instruments and documents as the Custodian may reasonably deem necessary or advisable to confirm the Custodian's interest in the Collateral or to further define the Custodian's obligations hereunder.

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

[Name of Custodian], as Custodian

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

[Name of Public Depository], as  
Public Depository

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

SCHEDULE 1

[DESCRIPTION OF COLLATERAL]

SCHEDULE 2

CUSTODIAN'S CERTIFICATE OF ELIGIBILITY

The undersigned, being a duly authorized officer of \_\_\_\_\_, as custodian (in such capacity, the "Custodian") under the Custodial Trust Agreement (the "Agreement") dated as of \_\_\_\_\_, 2001, between the Custodian and \_\_\_\_\_, (the "Public Depository") hereby certifies as follows:

1. The Custodian is authorized under the laws of the United States of America to exercise trust and fiduciary powers in the State of Connecticut;
2. The Custodian has its main office and principal place of business in \_\_\_\_\_, Connecticut;
3. The Custodian complies with all applicable capital guidelines and requirements applicable to it, adopted by the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision and the Board of Governors of the Federal Reserve System as from time to time amended;
4. Deposits of the Custodian are insured by the Federal Deposit Insurance Corporation;
5. The Custodian has assets that exceed its liabilities; and
6. The Agreement is a legal, valid, and binding obligation of the Custodian, enforceable in accordance with its terms.

The Custodian agrees to notify the Commissioner of Banking of the State of Connecticut and the Public Depository immediately in writing if at any time any of the above conditions ceases to be true and accurate

Certified this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

[Name of Custodian],  
as Custodian

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT B  
[RESOLUTIONS]