

SECURITY AGREEMENT

Security Agreement made this _____ day of _____, by and between the **State of Michigan, Department of Treasury** (the "Depositor") and _____ ("Financial Institution").

From time to time, Depositor makes deposits with the Financial Institution. These deposits are eligible for FDIC or NCUA insurance, subject to the limitations of the rules and regulations governing the FDIC (the "Regulations" being 12 C.F.R. Part 330) or NCUA (12 U.S.C. 1752). Financial Institution and Depositor enter into this Agreement to grant Depositor security interest in certain collateral to provide the Depositor with protection for uninsured deposits held in accounts at the Financial Institution.

Financial Institution and Depositor agree as follows:

1. Covered Deposits. The deposits subject to this Agreement are the accounts held in the name of the Depositor. Depositor's federal tax identification number is **38-6000134**.
2. Security Interests. The Financial Institution grants to Depositor a security interest in the obligations described in the Schedule of Pledged Securities attached hereto or any later substitutions of obligations (the "Collateral"). Depositor agrees that the Financial Institution may substitute other obligations for the Collateral initially pledged with prior approval of the State Treasurer.
3. Financial Institution Representations. The Financial Institution represents and warrants to the Depositor:
 - (a) The Financial Institution is the legal and beneficial owner of the Collateral;
 - (b) The Collateral is not encumbered or subject to restrictions on transfer or resale;
 - (c) The Financial Institution has the authority to enter into this Agreement.
4. Depositor's Representations. Depositor represents and warrants to Financial Institution:
 - (a) Depositor has authority to enter into this Agreement;
 - (b) Depositor will comply with the terms of any other agreements it may have with the Financial Institution;
 - (c) Depositor is the official custodian of the funds of a public unit as defined in Part 330.14 of the Regulations.
5. Custody of Collateral. The Collateral will be maintained pursuant to the arrangement described in the Schedule of Pledged Securities or any Amendments (the "Custodian").
6. Value of Collateral. In the event the Collateral shall decline in market value, Depositor may require Financial Institution to deposit with the Custodian such additional Collateral as shall be satisfactory to the Depositor. Once deposited with the Custodian, such additional Collateral shall become part of the Collateral.
7. Default. The Financial Institution shall be in default of its obligations under this Agreement upon the occurrence of nonpayment of any deposit obligations to Depositor when due, nonperformance of any promise made by Financial Institution in this

Agreement, insolvency of the Financial Institution or the appointment of a receiver for any part of the property of the Financial Institution.

8. Remedies. In the event of a default by the Financial Institution for a period of ten (10) days after Depositor has served the Financial Institution with a written notice describing said defaults, Depositor may sell, assign, and deliver the Collateral in a commercially reasonable manner and with the right to purchase the Collateral at any public sale. The proceeds of any sale shall be applied to the amounts owed Depositor by Financial Institution. All cost and expenses, including reasonable attorney's fees incurred by Depositor in exercising its rights hereunder shall become part of the amount owed by the Financial Institution. Any of the surplus remaining after the foregoing application shall be paid to the Financial Institution.

9. Miscellaneous.

- (a) This Agreement shall be governed by the laws of the State of Michigan.
- (b) Financial Institution or Depositor may terminate this Agreement by giving written notice to the other party. The rights and liabilities of the parties under this Agreement survive any termination until all deposits in excess of FDIC or NCUA insurance limits have been paid in full.
- (c) All notices or communications shall be delivered to the parties at the addresses set forth below.
- (d) This Agreement supersedes any prior agreements.

Financial Institution:

Depositor:

(Financial Institution Name)

Address:

State of Michigan,

Department of Treasury

Bureau of Investments

Attn: Sue L. Kohagen

P.O. Box 30117

Lansing, MI 48909

Executed as of the date first above written.

(Financial Institution Name)

State Treasurer, State of Michigan

Board Approval _____

Date

By: _____

Authorized Representative Signature

By: _____

Sue L. Kohagen, Departmental Analyst

Short-Term Fixed Income, Absolute,

and Real Return Division