

**SECURITY AGREEMENT WITH RESOLUTION**  
**(For Public Deposits Collateralized Under Dedicated Method)**

**INSTRUCTIONS:** Form INV-94A consists of two documents: "Depository Resolution" found on Page 1; and "Security Agreement" found on Page 2. The Public Depositor is to execute the Security Agreement (Page 2) and forward the entire form to the Depository for execution. The Depository should execute both documents on the form after the resolutions have been acted upon by either the Board of Directors or the established Loan Committee. The Depository Resolution (Page 1) should be signed by the Secretary or Assistant Secretary. The Security Agreement (Page 2) should be signed by either the Chairman, President, Treasurer, or any Vice-President. The Security Agreement should be dated concurrently with the Depository Resolution, or some later date, but not prior to. The documents are to be executed in duplicate, with each party being provided a copy after final execution. Also, for each commercial escrow agent used, and in the case of the Federal Home Loan Bank, an "Escrow Agent Agreement" (Form INV-94B) is required to be executed in triplicate. (Securities pledged with the Federal Reserve Bank shall be deposited under Circular 16 of the Federal Reserve Banks in the name of the Public Depositor.)

**DEPOSITORY RESOLUTION**

I, the undersigned, hereby certify to either the State Treasurer of North Carolina, or the finance officer of \_\_\_\_\_, (the "Public Depositor"), whose uninsured public deposits are required to be collateralized by North Carolina General Statutes, and Title 20, Chapter 7 of the North Carolina Administrative Code, that I am the Secretary (Assistant Secretary) of \_\_\_\_\_, (the "Depository"), a banking or other type of financial institution in North Carolina; that the following is a true copy of resolutions duly adopted by either: the Board of Directors of the Depository; or the duly established Loan Committee of the Depository, at a meeting duly held on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_; at which a quorum was present; and that such resolutions have not been rescinded or modified.

WHEREAS, the Policy Statement of the Federal Deposit Insurance Corporation dated March 23, 1993, specifies that all security agreements pertaining to public deposits be approved by either the financial institution's board of directors or loan committee; now, therefore, be it:

RESOLVED, that the Chairman, President, Treasurer, or any Vice-President of the Depository is hereby authorized and directed to execute and deliver to the Public Depositor the "Security Agreement" contained herewith; and be it

FURTHER RESOLVED, that the Chairman, President, Treasurer, or any Vice-President is hereby authorized to act as agent of the Depository under said Agreement, including but not limited to the execution of any required agreements with escrow agents; and be it

FURTHER RESOLVED, that the foregoing resolutions shall remain in full force and effect until written notice of their amendment or rescission shall have been received by the Public Depositor, and that receipt of such notice shall not affect any action taken by the Public Depositor, or affect the security of any deposits which may be or may have been on deposit with the Depository; and be it

FURTHER RESOLVED, that the Secretary or Assistant Secretary is authorized and directed to certify to the Public Depositor that the foregoing resolutions were duly adopted, and that the provisions thereof are in conformity with the Charter, Articles of Incorporation, and By-Laws of the Depository, and that there is no provision in either, or any other authorizing document, limiting the power of the Board of Directors or established Loan Committee to pass the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Depository.

This the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_ Secretary (Assistant Secretary)

(SEAL)

**SECURITY AGREEMENT**

This Agreement made and executed this the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (the "Depository"), a duly organized banking or other type of financial institution in the State of North Carolina, and either the State Treasurer of North Carolina, or the finance officer of \_\_\_\_\_ (the "Public Depositor"), whose funds are required to be collateralized in accordance with Title 20, Chapter 7 of the North Carolina Administrative Code (20 NCAC 7).

WHEREAS, the Depository desires to be and/or remain an official depository of public funds deposited by the Public Depositor; and

WHEREAS, the Depository is required by North Carolina General Statutes to collateralize the uninsured public deposits of the Public Depositor, and has elected or is required to do so through the dedicated method as specified in 20 NCAC 7; and

WHEREAS, each party desires to be in compliance with the Federal Deposit Insurance Corporation's Policy Statement dated March 23, 1993, regarding the collateralization of public deposits:

NOW THEREFORE: it is mutually agreed between the parties as follows:

1. Subject to North Carolina Administrative Code.  
All uninsured deposits shall be collateralized in accordance with the provisions of 20 NCAC 7.
2. Security Interest.  
The Depository hereby pledges and grants in favor of the Public Depositor a lien and continuing security interest in any securities pledged to the Public Depositor from time to time, 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 any of the foregoing ("Collateral") as collateral security for all deposits maintained from time to time by the Public Depositor with the Depository. The Depository shall take all necessary steps to perfect this security interest pursuant to the North Carolina Uniform Commercial Code.
3. Pledging Eligible Securities.  
The Depository agrees to deposit with an eligible third-party escrow agent the required Collateral at all times as specified in 20 NCAC 7.
4. Release or Substitution of Securities.  
The Depository shall have the right at any time to seek approval of the Public Depositor to substitute Collateral of equal or greater value and of eligible types. The Depository shall provide the Public Depositor 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 released and/or substituted without the prior written approval of the Public Depositor.
5. Depository Representations.  
The Depository represents and warrants to the Public Depositor that it is the owner of the Collateral and that such Collateral is and will remain free and clear of any and all security interests, liens and claims of any other person, except for the security interest granted hereunder to the Public Depositor. The Depository shall be deemed to repeat such representation with respect to Collateral delivered in addition to or in substitution of then-existing Collateral. The Public Depositor's sole obligation to the Depository with respect to Collateral is to return or cause the return of the Collateral to the Depository at the termination, and full performance by the Depository of, its obligations with respect to all deposits of the Public Depositor secured hereunder.
6. Approval by Board or Loan Committee of the Depository.  
The Depository represents that it is duly authorized, by resolution of the Board of Directors or the Loan Committee of the Depository, 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 Depository has furnished a certified copy of the authorizing resolution, contained herewith.
7. Continuously Maintain Agreement as Official Record.  
The Depository further agrees that it will immediately upon execution 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 the Public Depositor.
8. Rights Upon Default.  
In the event of a default, as defined in 20 NCAC 7, the Public Depositor shall have all the rights and remedies of a secured party under the North Carolina Uniform Commercial Code with respect to the Collateral, including without limitation the right upon default to collect, liquidate, sell or dispose of the same and apply the proceeds thereof (after deducting therefrom all costs and expenses relating to such collection, liquidation, sale or disposition), to the payment of any deposit arising out of or as a result of the default of the Depository, with the Depository to remain liable for any deficiency, and with the Depository being entitled to any surplus which may result.
9. Successors and Assigns.  
This Agreement is continuing and binding upon the Depository, its successors and assigns, and shall inure to the benefit of the Public Depositor, and its successors and assigns.

IN WITNESS THEREOF, the parties have executed this Agreement in duplicate originals, one of which is retained by each of the parties.

ACCEPTED:

	_____	_____
	(Depository)	(Public Depositor)
By:	_____	_____
	(Signature)	(Signature)
Title:	_____	Title: _____

