SECURITY AGREEMENT FOR PUBLIC FUNDS HELD IN DEPOSIT

This Agreement entered into as of the ____ day of _____, _____, by and between _____ _____(**"Depositor"**), and _____. (**"Institution"**).

W I T N E S S E T H:

WHEREAS, the **Depositor** is the duly elected_____, and

WHEREAS, pursuant to *Arkansas Code Annotated §19-8-101*, the **Institution** has been designated as a depository of public funds; and

WHEREAS, the **Institution** has agreed to secure the funds of the **Depositor** so deposited with it by conveying to the **Depositor** a security interest in eligible securities owned by the **Institution**, as allowed by *12 U.S.C. §90* and as provided in *Arkansas Code Annotated §19-8-203 and §23-47-203(c)*, as amended;

NOW, THEREFORE, in consideration of the **Depositor** depositing certain of its funds with the **Institution**, and for other good and valuable consideration, it is agreed between the **Depositor** and the **Institution** as follows:

1. For the purpose of securing the funds deposited by the **Depositor** with the **Institution**, the **Institution** hereby agrees to assign, transfer, pledge and convey to the **Depositor** a perfected security interest in eligible securities owned by the **Institution**, as allowed by *12 U.S.C. §90* and as provided in *Arkansas Code Annotated §19-8-203 and §23-47-203(c)*, as amended. The securities pledged as collateral hereunder (**"Collateral"**) shall at all times have a market value, as determined by the **Depositor** equal to at least 105% (the **"Maintenance Percentage"**) of the amount of funds of the **Depositor** so deposited with the **Institution**. Each pledge of securities as **Collateral** hereunder shall be made as follows:

(a) In the case of any un-certificated securities issued by the United States and registered in the name of the **Institution** by the Federal Reserve Bank of St. Louis or any branch thereof, by delivery by the **Institution** to the **Depositor** of a written confirmation setting forth the securities pledged and also by the **Institution** identifying on its books and records as being pledged to the **Depositor** specific securities or a quantity of specific securities that constitute or are part of a fungible bulk of securities owned by the **Institution**;

(b) In the case of any un-certificated securities issued by the United States and held for the account of the **Institution** by another financial intermediary (a bank or a securities broker-dealer), by delivery by the financial intermediary to the **Institution** and the **Depositor** of a written confirmation setting forth the securities pledged, together with identification by the **Institution** on its books and records of the pledge of such securities to the **Depositor** and identification by the financial intermediary on its books and records of the pledge of such securities to the **Depositor**;

(c) In the case of any securities issued in the form of certificates and held in the **Institution's** possession, by delivery or transfer of such certificates (in bearer form or with instruments of transfer duly endorsed in blank) to the address or account of the **Depositor**; and

(d) In the case of any securities issued in the form of certificates and held in the possession of a financial intermediary (a bank or a securities broker-dealer) for the account of the **Institution**, by delivery or transfer of such certificates (in bearer form or with instruments of transfer duly endorsed in blank) to the address or account of the **Depositor** or by delivery by the financial intermediary to the **Depositor** and the **Institution** of a written confirmation setting forth the securities pledged together with identification by the **Institution** on its books and records of the pledge to the **Depositor** of the specific certificated securities held in the financial intermediary's possession and identification by the financial intermediary on its books and records of the pledge to the **Depositor** of the specific certificated securities held in its possession for the account of the **Institution**.

Each written confirmation delivered to the **Depositor** pursuant to this Agreement shall set forth, at a minimum, (i) a description of the securities pledged as collateral hereunder, including the type, cusip number, maturity date, interest rate and par amount of each security pledged, (ii) the amount of funds of the **Depositor** on deposit as of the date of the

confirmation, (iii) the market value of the securities pledged as collateral as of a recent date, and (iv) a statement that the confirmation has been delivered to the **Depositor** pursuant to the terms of this Agreement.

2. If at any time the ratio of the market value of the **Collateral** to the amount of funds on deposit is less than the **Maintenance Percentage**, then the **Institution** shall assign, pledge and convey a security interest and transfer to the **Depositor** securities of the type eligible to be pledged pursuant to *Arkansas Code Annotated §19-8-203 and §23-47-203(c)*, as amended, and in such amount so that the ratio of the market value of such pledged securities to the amount of funds on deposit shall be at least equal to the **Maintenance Percentage**. Any additional pledge of **Collateral** hereunder shall be approved by an officer of the **Institution** duly authorized by resolutions of the Board of Directors to approve substitutions of collateral, releases of collateral, and additional pledges of collateral under this Agreement ("**Duly Authorized Institution Officer**").

3. The **Institution** shall have the right, from time to time, after approval thereof by a **Duly Authorized Institution Officer**, to withdraw any of the pledged securities and substitute therefore other pledged securities of the same type and of like amount of the securities withdrawn upon compliance with the requirements of paragraph 1 hereof and delivery to the **Depositor** of written notice of such substitution, specifically identifying the securities withdrawn and the securities substituted therefore.

4. Any pledge hereunder shall be a continuing pledge and shall secure not only such deposits that are held by the **Institution** at the time of the transfer of the **Collateral** to the **Depositor** hereunder, but also any and all subsequent deposits of funds with the **Institution** by the **Depositor**, notwithstanding the account or accounts in which such funds may be held or identified by the **Institution**.

5. The pledge of **Collateral** by the **Institution** to secure the deposits of the **Depositor** shall be in addition to, and shall in no way eliminate or diminish, any insurance coverage to which the **Depositor** may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation or any private insurance carried by the **Institution** for the purpose of protecting the claims and rights of its depositors.

6. It is agreed that when the **Institution** shall have paid out and accounted for all the funds of the **Depositor** so deposited with the **Institution**, then and in that event any and all securities pledged as **Collateral** under this Agreement shall be released from the security interest created hereunder, and the **Institution** and the **Depositor** shall take whatever actions may be necessary to cause a transfer of such securities to the **Institution** free and clear of any liens created hereunder.

7. The **Institution** hereby represents to the **Depositor** that (i) it is a national bank, state bank, out-of-state bank with Certificate of Authority under *Arkansas Code Annotated §23-48-1001* or savings and loan association, duly organized and validly existing under the laws of the United States or the State of Arkansas, (ii) it has, or will have at the time of delivery of any securities as **Collateral** under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein, (iii) the execution and delivery of this Agreement and the pledge of securities as **Collateral** hereunder has been approved by its Board of Directors, and (iv) the execution and delivery of this Agreement and the pledge of securities as **Collateral** hereunder will not violate or be in conflict with the Articles of Association or By-laws of the **Institution**, any agreement or instrument to which the **Institution** may be a party, any rule, regulation or order of any banking regulator applicable to the **Institution**, or any internal policy of the **Institution** adopted by its Board of Directors.

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. In any action or proceeding which a party may be required to prosecute to enforce its respective rights hereunder, the unsuccessful party therein agrees to pay all reasonable costs incurred by the prevailing party therein, including reasonable attorney's fees, to be fixed by the court, and said costs and attorney's fees shall be made a part of the judgment of said action.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof.

12. 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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

ATTEST:

DEPOSITOR:

_____

Address for Notices:

By: _____
Title: _____

INSTITUTION:

_____

Address for Notices:

By: _____
Title: _____

_____
Signature