



**NCUA**  
National Credit Union Administration

# NCUA CENTRAL LIQUIDITY FACILITY OPERATING CIRCULAR 20-01

AGENT LENDING PROCESS

April 2020

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## Overview

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The National Credit Union Administration (NCUA) Central Liquidity Facility (CLF or Facility) was created by the National Credit Union Central Liquidity Facility Act.<sup>1</sup> The Facility is a mixed ownership Government corporation within the NCUA. It is an instrument of the Federal Government owned by its member credit unions and managed by the NCUA Board. The purpose of the Facility is to improve the general financial stability by providing member credit unions with a source of loans to meet their liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy.

The CLF was created by Congress in 1979 because credit unions needed their own source of funds to meet their liquidity needs in the same way that the Federal Reserve System discount window provided access to loans for banks. Over time, credit unions have gained access to federal contingent liquidity sources (for example, credit unions who qualify may now borrow from the Federal Reserve discount window), but the CLF continues to be an important back-up source of liquidity for both Federal- and state-chartered credit unions.

This operating circular provides basic information regarding the lending procedures of the CLF with respect to how it makes liquidity advances through its Agent members. These procedures implement the basic framework provided in Title III of the Federal Credit Union Act (FCU Act) (12 U.S.C. § 1795) and part 725 of the NCUA regulations (12 C.F.R. § 725). Both of these references are available on the [CLF Website](#).<sup>2</sup>

## General Background Information

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The following terms are used in this operating circular:

**Accepted loan application** means an application for a liquidity-need advance by a natural person credit union (NPCU) to its Agent member that has been reviewed by the Agent and determined to meet the appropriate criteria for a CLF-funded loan.

**Agent** means an Agent member of the Facility.

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<sup>1</sup> 12 U.S.C § 1795

<sup>2</sup> <https://www.ncua.gov/support-services/central-liquidity-facility>



**Agent member** means a corporate credit union which is a member of the Facility.

**Agent loan** means an advance of funds by an Agent member to a member credit union to meet liquidity needs which have been the basis for a Facility advance.

**Corporate credit union (CCU)** means a federal or state-chartered credit union primarily serving other credit unions. A credit union is primarily serving other credit unions when the total dollar amount of the shares and deposits received from other credit unions plus loans to other credit unions exceeds 50 percent of the total dollar amount of all shares and deposits plus loans during the qualifying period, as defined in 12 C.F.R 725.2 (o).

**Correspondent** means a CCU which acts in a fiduciary capacity for the CLF independent of its role as an Agent member to provide services in support of CLF Regular members' activities and liquidity advance transactions. Such activities will, for example, include perfection of a first priority security interest and ongoing collateral administration. All Regular member advances are serviced by CLF utilizing the correspondent of record for that member.

**Member natural person credit union** means a NPCU that is a member of an Agent Member. NPCUs are not members of the Facility unless they are also Regular members of the Facility.

**Regular member** means a credit union that has become a member by: a) submitting an application for Regular membership to the Facility and b) subscribing to capital stock of the Facility, as set forth in NCUA regulations § 725.3(a).<sup>3</sup>

Agent members deal directly with the Facility, but their applications for Facility advances are based on supportable liquidity needs of the member NPCU requesting the Agent loan. In accordance with the CARES act, the NCUA Board temporarily amended the definition of "liquidity needs" in part 725.2 through December 31, 2020 to remove the words "primarily serving natural persons." This change is intended to mirror the statutory change in the CARES Act, and clarifies that liquidity needs are not limited to NPCUs during this period, but may also include those of a CCU for its own liquidity needs. To borrow for its own needs, a CCU must first subscribe to the capital stock of the Facility in an amount equal to one-half of one percent of its own paid-in and unimpaired capital and surplus and execute a Regular member agreement form CLF 8702.

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<sup>3</sup> See Operating Circular 20-2: [Regular Member Facility Advances](#) and Operating Circular 20-3: [How to Apply for Regular Membership](#) for more information about Regular members of the CLF.



When an Agent member receives an application from one of its member NPCUs for an advance of funds to meet liquidity needs, it will review the application and determine if the applicant's creditworthiness and liquidity criteria meet CLF policy requirements.<sup>4</sup> Subject to this review, it will accept or deny the loan and submit a request for a Facility advance to CLF for accepted loan applications only.

All accepted advance applications for member NPCUs will be submitted to CLF on an Agent Request for Funds (ARF) form. The CLF will review the ARF for completeness, inform the Agent if more information is necessary, and, if deemed complete, whether the loan is approved. The CLF must confirm or deny all accepted loan applications from the Agents within five business days.

The chart below illustrates the application process and relationships between the CLF, the Federal Financing Bank (FFB), and the Agent member. Note that the CLF deals directly with the Agent member and does not interact with the NPCU that originates the underlying liquidity-need loan request.<sup>5</sup>

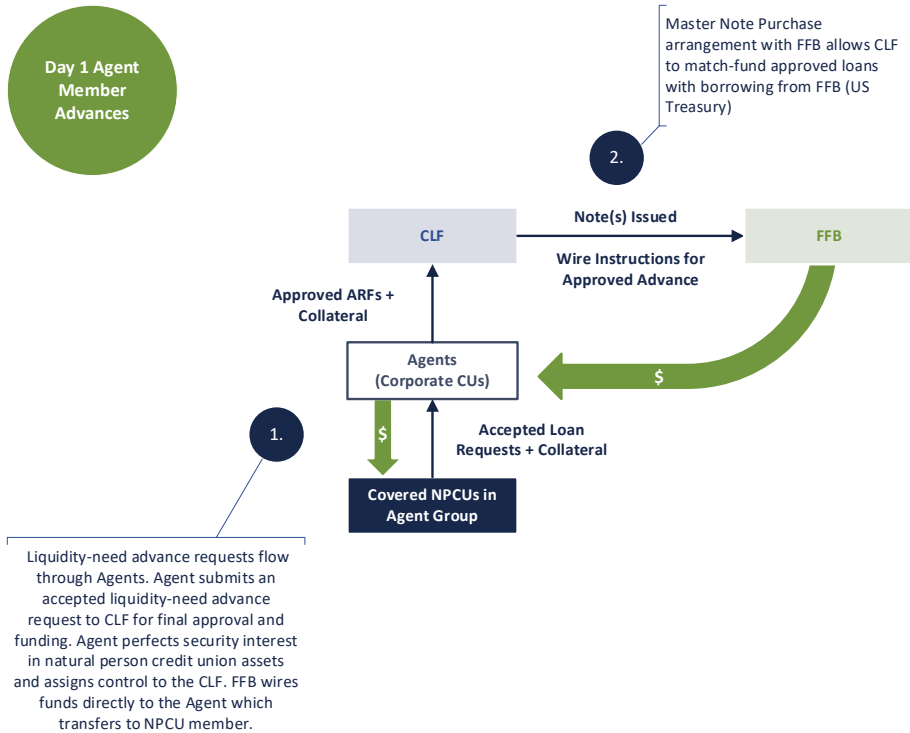
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<sup>4</sup> Id.

<sup>5</sup> A NPCU member seeking a CLF-funded loan is subject to an analysis and potential supervision questions from the regional director/ONES director, the state supervisory authority in the case of state or privately insured credit unions, and the NCUA's Office of Examination & Insurance. This review is part of the standard process associated with evaluating an ARF as these parties must concur on approval of Facility advances for safety and soundness.



## AGENT MEMBER ADVANCES



A Facility advance made to an Agent member for its member NPCU is a loan to that Agent. When the CLF approves an ARF, the Agent member immediately assigns its interest in the NPCU’s loan to the CLF. The terms for repayment are prescribed in the Repayment, Security and Credit Reporting Agreement (see [Appendix C](#)) as per 12 C.F.R. § 725.20.

The following factors and considerations apply to an ARF submitted for advances to member NPCUs:

- 1) If the Agent member accepts their member NPCU advance application as meeting the CLF loan criteria, it can immediately apply to the Facility using an ARF or can make the loan out of its own funds.
- 2) If the Agent member makes the loan out of its own funds, the Agent member can apply to the Facility for an advance at some later date using the liquidity-needs met by that loan as the basis for the application.
- 3) Any loan made to a member NPCU that serves as the basis for an application for a Facility advance must:
  - a) Meet Facility application requirements;
  - b) Be consistent with the purpose and creditworthiness criteria set by the Facility; and



- c) Be subject to the repayment, security, and credit reporting terms prescribed by the Facility.
- 4) The Agent member will set the interest rate it charges its member credit unions equal to the loan rate charged by the CLF on the corresponding Facility advance. However, an Agent can charge its member borrower a fee to cover the incidental costs of performing its role as an agent lender for the Facility at its discretion.
- 5) An Agent member may submit an ARF for an individual accepted loan application or a batched group of accepted loan applications that have the same maturity date.
- 6) Any advance of funds by an Agent member to a member NPCU intended to meet liquidity needs that were the basis for a Facility advance are regarded to be “Agent loans” under 12 C.F.R. § 725.2 (c).
- 7) A loan by an agent might not be an Agent loan when initially made, but would become an Agent loan if a later application to the Facility is based on it and the ARF is approved and granted.

If the Facility reaches its maximum borrowing limit and cannot fund additional Facility advance requests, it will immediately advise all Agent members that its lending capacity is temporarily full. Thereafter, the Facility will keep all Agent members informed on the status of the Facility’s available-funds situation so that Agent members will know whether to seek a Facility advance for any new liquidity loan request(s) or to pursue other funding options.

## Request for Facility Advances

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An Agent member may submit an application for a Facility advance in several ways. To initiate an advance request, an Agent member must communicate to the CLF its intent to borrow by either:

- Mail, courier, or otherwise hand-deliver a physical notice of intent to borrow (completed NCUA forms No. 7005 or equivalent form/report).
- Send an email to [CLFMail@NCUA.gov](mailto:CLFMail@NCUA.gov) with attachments of completed NCUA form No. 7005 or equivalent form/report.
- Communicate, either by phone or email, its intent to borrow and subsequently deliver the above listed forms as soon as practicable. The CLF can be contacted by phone at 703-518-6428 or by email at [CLFMail@NCUA.gov](mailto:CLFMail@NCUA.gov).

As indicated in option three above, emergency circumstances allow for a member's Facility advance application to be verbal, but a verbal request must be confirmed within five working days by delivering a complete application as required by 12 C.F.R. § 725.17(c).





CLF contacts, phone numbers, addresses, and related information are included in [Appendix A](#).

In cases where the member cannot contact the Facility, a member should attempt to deliver its application by one of the means indicated above (for example, to its NCUA regional office which, in turn, will communicate the request to the CLF). In all cases, the official Facility process time begins when a completed application is received by Facility personnel and recorded as received.

Prompted by liquidity loan requests from member NPCUs, an Agent will generate an ARF and forward it to the CLF for final processing. All requests must be followed by prompt delivery of the original, complete application(s) to the Facility.

## Required Documentation

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To be an Agent member, a CCU must have an executed *NCUA Central Liquidity Facility Repayment, Security and Credit Reporting Agreement* on file with the Facility (see [Appendix C](#)).

- 1) To qualify for an advance of funds, an Agent member must submit to the CLF an ARF form (NCUA-7005), including all applicable authorized signatures. An Agent member may compile a group of underlying loans into one request-for-funds amount using this form. An equivalent form or report may be submitted as long it provides the same or more information.<sup>6</sup>
- 2) Any NPCU member who seeks to obtain a liquidity loan from an Agent member must sign a *Liquidity Need Loan Application* form (NCUA-10) and return it to that Agent member. **An Agent member may not obtain a Facility advance and re-lend the funds to a NPCU member that has either not signed this application or has rescinded it.** All Agent members are encouraged to have authorized representatives of their member NPCUs sign these forms in advance of actual liquidity needs and return them to the agents so that they can maintain the forms in permanent records. All Agent members must collect and maintain this information. The date that a *Liquidity Need Loan Application* was signed by the NPCU member is information that is required for the completion of an ARF form. The completed ARF serves as the Agent's certification to the Facility that a *Liquidity Need Loan Application* is signed, in full force and effect, and physically on file with the Agent.

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<sup>6</sup> C.F.R. 725.17(b)(1)



## Liquidity Need Justification

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Generally, the Agent member may not accept an application for credit if the intent is to expand credit union portfolios<sup>7</sup>. This provision was amended by the CARES Act to temporarily remove the phrase “the Board shall not approve an application for credit the intent of which is to expand credit union portfolios”. This amendment to the FCU Act sunsets on December 31, 2020, at which time the phrase “the Board shall not approve an application for credit the intent of which is to expand credit union portfolios” will be reinstated. Until December 31, 2020, the NCUA Board has flexibility and discretion to approve applications for Facility members that have “made a reasonable effort to first utilize primary sources of funding.” The Facility advance application must contain a certification that the underlying request is consistent with the definition of “liquidity needs” as set forth in 12 U.S.C § 1795 (a)(1) and 12 C.F.R. § 725.2(i). This requirement must be met by completing an ARF; specifically by providing the appropriate letter code in column 2(D) of the form.

Approval of a CLF advance depends on the circumstances of the credit union at the time of the liquidity need. Appropriate circumstances for seeking CLF advances may include, but are not limited to:

- An unexpected loss in shares or nonmember funds;
- An unexpected surge of credit demands within the credit union’s membership;
- Liquidity needs due to forces beyond the immediate control of the credit union such as an internal operating problem, a widespread financial crisis, or a natural disaster; or
- The member NPCU has made reasonable efforts to obtain funding from its primary market sources already and those sources are not sufficient to meet their liquidity needs.

Borrowing from CLF is not appropriate if the member NPCU does have sufficient on-balance sheet liquidity and/or access to readily available funding from its primary market sources. The member NPCU should not seek a CLF-funded advance to replace its ordinary primary sources of liquidity when those sources are available.

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<sup>7</sup> 12 C.F.R. § 725.122



*Liquidity needs* are defined as a need for:

- 1) Short-term adjustment credit available to assist in meeting temporary requirements for funds or to cushion more persistent outflows of funds pending an orderly readjustment of credit union assets and liabilities;
- 2) Seasonal credit available for longer periods to assist in meeting seasonal needs for funds arising from a combination of expected patterns of movement in share and deposit accounts and loans; and
- 3) Long-term or protracted adjustment credit available in the event of unusual or emergency circumstances resulting from national, regional or local difficulties.

Short-term adjustment credit advances generally are available for maturity periods of up to 90 days. Seasonal credit advances are available for periods of up to 270 days. Seasonal credit is generally restricted to institutions that can demonstrate a historical pattern of recurring need. Seasonal credit advance requests must be supported by analysis that includes at least two years of detailed seasonal flow of funds data. Protracted adjustment credit advances that are available for periods in excess of 270 days are only made under exceptional circumstances.

CLF loan officers exercise considerable discretion in assessing a protracted adjustment credit request and may consult with NCUA or state supervisory authorities (SSAs) to address any concerns over the credit union's ability to restore liquidity and remain viable. As is the case with short-term adjustment credit and seasonal credit, the CLF may decline a credit union's request for protracted adjustment credit for creditworthiness reasons. It may also refer the credit union to the appropriate NCUA regional director (RD) for possible National Credit Union Share Insurance Fund special assistance under § 208 of the Act when a credit union falls below creditworthiness conditions acceptable to the CLF.<sup>8</sup>

Again, the NCUA recommends that Agent members maintain on file a completed *Liquidity Need Loan Application* for each member NPCU that is covered by their Agent membership. This will facilitate CLF advance requests as the Agent member can input the application date on the ARF without awaiting further action on the part of the NPCU member. However, the *Liquidity Need Loan Application* can still be processed and submitted at the time the ARF is prepared.

In the case of state chartered credit unions, an ARF is subject to consultation with the RD/ONES Director and the SSA as part of the loan approval process. Depending on the dollar amount requested, concurrence from the Director of Examination and Insurance (E&I) may be required. The supervision considerations have an important bearing upon the appropriateness of a loan request, as a liquidity need may be symptomatic of an underlying safety and soundness concern (for example, excessive dependence on borrowed funds, poor asset/liability management policies

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<sup>8</sup> 12 U.S.C. 1788



and practices, and/or uncontrolled asset growth). The respective supervision authorities have a responsibility to respond to an emerging material weaknesses in liquidity conditions not previously addressed. At their discretion, the supervisory authorities may require a borrowing credit union to prepare a liquidity restoration plan to detail the action and time required to restore its net funds position to the point where it is not dependent on CLF advances. A loan officer's decision to require a plan is dependent on the circumstances of the borrowing credit union. Factors that may contribute to this decision include:

- 1) The credit union consistently provides incomplete, vague, or untimely information needed to approve or monitor an advance;
- 2) The loan officer becomes concerned about the borrowing credit union's financial condition and ability to repay;
- 3) The credit union appears to have used an advance for inappropriate purposes; and
- 4) The credit union appears to be overly dependent on advances without making progress towards implementing programs to manage its liquidity risk.

A loan officer's consideration is not limited to these aforementioned factors; the officer may consider other unique circumstances before requiring a liquidity restoration plan.

The Agent member's internal analysis should identify areas of weakness, and the Agent member should advise the member NPCU borrower of any potential risk management concerns. Where warranted, the communication process should provide critical information to the borrowing credit union to develop a more effective and timely liquidity restoration plan (reducing the dependence on borrowed funds to a prudent level or eliminating it altogether).

## Creditworthiness

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The following credit standard guidelines are provided for background purposes and are intended to inform Agent member staff responsible for credit due diligence about CLF's internal criteria. In those cases where the Facility has direct responsibility for a credit underwriting decision (for example, a Regular member advance request to a corporate or NPCU), it considers various financial information to evaluate creditworthiness. This information includes, but is not limited to, the following:

- 1) Stated purpose of the loan;
- 2) Borrower's plan to repay the loan;
- 3) Borrower's current financial condition, based on information from such sources as Call Reports, Consolidated Balance Sheets, and Financial Performance Reports;
- 4) Statutory limitations on borrowing.



The stated purpose of the loan is especially important because it relates to the statutory and regulatory liquidity need justification discussed in the previous section. In addition to the CLF President, the Director of E&I will also evaluate borrowing-need circumstances to verify that the liquidity need is consistent with CLF's intended purpose and that the underlying reasons for the liquidity need do not constitute a material safety and soundness concern. In cases involving a state chartered credit union, all loans are also subject to consultation with the respective RD and SSA. This ensures the CLF has the most current information regarding any material concerns about the financial and/or operational soundness of the borrower.

Facility Loan Officers (FLOs) will place greater emphasis and reliance upon information which is most current. They are not limited to base a credit decision solely upon a set list, nor are FLOs required to collect all of the information referenced above before making a final recommendation. In other words, the FLO will make their best-effort, subject to availability of information.

Agent members have a corresponding due-diligence obligation when they submit accepted loans on an ARF.<sup>9</sup> When it accepts an Agent loan application from a member NPCU to meet a liquidity need (which in turn serves as the basis for a Facility advance), an Agent member has the responsibility to review the member's application, consider their creditworthiness, and approve or deny the loan. The Facility expects an Agent member to perform a sound creditworthiness assessment by relying on similar appropriate financial information, including the most recently available Call Report information and facts known to them through their own business dealings with the credit union. The CLF will provide Agent members with loan underwriting guidelines to facilitate consistent treatment of loan requests throughout the Agent network.

The executed *NCUA Central Liquidity Facility Repayment, Security and Credit Reporting Agreement* between the CLF and the Agent member and the ARF will collectively serve as the basis for the loan approval decision to the Agent member. In the case where an Agent member is seeking an advance for its own needs, it will submit a request for funds on a Regular member form CLF 8702. In addition to these inputs, the Facility will also monitor certain key financial information and may choose to ask the Agent member about the status of collateral used to support any underlying liquidity loan to a NPCU that is known to possess material uncreditworthy characteristics. These characteristics may be discovered from existing records, regional office personnel, SSAs, the credit union, a press agent, or any other third party. The RD/SSA and/or the Director of E&I have a risk management responsibility to obtain comfort with the member NPCU borrower (or CCU if an Agent seeks to borrow on its own behalf) and

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<sup>9</sup> § 725.18 (b) of the NCUA regulations states that "prior to an Agent's approval of each application of a member natural person credit union for an extension of credit on which an application by the Agent to the Facility will be based, an Agent shall consider the creditworthiness of such member natural person credit union."



an oversight obligation, where warranted, to consider the underlying circumstances of the loan request.

A NPCU member that does not meet creditworthiness standards may be limited or denied the use of Facility advances to meet liquidity needs. A credit union that is denied a loan by the Agent member because it is not deemed creditworthy should be referred to the appropriate NCUA RD. Such credit unions may be eligible for emergency § 208 assistance<sup>10</sup> if the RD determines that the liquidity need places the credit union in danger of failing. Agent members should be aware that a credit union that is not regarded by the NCUA to be in danger of failing will generally not qualify for this form of assistance. When granted, § 208 Assistance can include a National Credit Union Share Insurance Fund guarantee to the CCU for a line of credit to the NPCU member.

Specific characteristics of an uncreditworthy credit union include, but are not limited to, conditions listed in 12 C.F.R. § 725.18 (c):

- insolvency as defined by § 700.1(k);
- unsatisfactory practices in extending credit;
- lower than desirable reserve levels;
- high expense ratio;
- failure to repay previous Facility advances as agreed;
- excessive dependence on borrowed funds;
- inadequate cash management policies and planning; and
- other relevant characteristics creating a less than satisfactory condition.

The presence of one or more of these characteristics will not necessarily mean that a credit union will be considered uncreditworthy.

## Priority of Facility Advance Requests

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All requests for a Facility advance are handled on a first-come, first-served basis, regardless of membership type or loan amount. Neither Title III of the FCU Act nor part 725 of the NCUA regulations provides for any borrower priority.

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<sup>10</sup> 12 U.S.C. § 208



## Processing Time for Facility Advances

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The NCUA Board is required to approve or deny any application for a Facility advance within five working days<sup>11</sup> after receiving it. However, the Facility’s goal is to make a best-effort turnaround time on all Facility advances. A loan application will only be considered “in-process” when it is complete and has been officially logged by the Facility. Exceptions to this procedure must be approved by the CLF President and will only be considered in emergency circumstances. As a reminder, individual liquidity loan requests may be consolidated within the same ARF. The CLF encourages Agent members to aggregate loans with the same expected settlement and maturity date.

## Sources of Facility Funds

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The Facility has several sources it can use to fund advances to its members. As described in the table below, timing limitations will apply based on the amount of funds available from the Federal Financing Bank (FFB). Each underlying loan that serves as the basis for an Agent member request for funds will generally<sup>12</sup> be match-funded by an FFB advance with the same settlement and payment characteristics. If used to fund advances, the operating account will be replenished to its target level as soon as practicable. The operating account may be used as the primary immediate source of funds for borrowers who cannot afford the potential delay associated with an FFB-funded Facility advance (see table below).

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<sup>11</sup> 12 U.S.C. § 1795e (a)(1)

<sup>12</sup> The CLF operating account may be used to fund loans in certain circumstances.



## Delivery and Timing of Delivery of Advance Requests from FFB<sup>13</sup>

Requested Advance Amount	Advance Notice Requirement	Maximum Delivery Time <sup>14</sup> (Business Days)
Up to \$500 million	Request must be received on or before the <b>third</b> business day before the advance date specified	3
Between \$500 million and less than \$2 billion	Request must be received on or before the <b>fifth</b> business day before the advance date specified	5
Equal to or greater than \$2 billion	Request must be received on or before the <b>tenth</b> business day before the advance date specified	10

Among the powers of the Board, when acting on behalf of the CLF, is the ability to borrow from any source<sup>15</sup> to funds it advance requests. The Facility has made arrangements to borrow funds from the FFB, and the delivery and timing of advance requests from FFB provided in the table above are a contractual feature of the governing Note. To mitigate the delay-of-funds risk associated with those CLF advances which are match-funded with an FFB advance, the CLF has the flexibility to borrow from an alternative source to cover the settlement period if the need for funds is immediate at the time of request. Such an arrangement would only be established in emergency circumstances where the amount of the request for funds exceeds the CLF’s operating account balance.

See [Appendix B](#) for a chart of the Facility advance/Agent loan process.

## Disbursement of Facility Advances

Upon final approval of a request for a Facility advance, the Facility will deliver the funds to the Agent member’s requested account as indicated on line 3(B) of the ARF. If the Agent is

<sup>13</sup> The Facility borrows funds from the FFB and is subject to the borrowing terms set forth in a Note Purchase Agreement between the FFB and NCUA. The Delivery and Timing of Delivery of Advance Requests from FFB provided in this table are a contractual feature of the Note.

<sup>14</sup> The FFB will make an advance as soon as practicable after the advance request is received. The actual funding date will occur not later than the tenth business day when aggregate advances outstanding exceed \$2 billion.

<sup>15</sup> 12 U.S.C. §1795f(4)(a).





borrowing for its own needs, the Facility will deliver funds in accordance with the instructions submitted on a Regular member advance request form CLF 8702.

To fund a request, the Facility will obtain an advance from the FFB or fund the loan from the CLF operating account and have the funds wired to the delivery instructions provided on line three of the ARF.

## Rates and Payments on Facility Advances

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To fund an Advance, the Facility may either borrow from any source or lend from its own readily available liquidity. All advances by the Facility to an Agent member will reflect a loan rate based on the Facility's costs.<sup>16</sup> The current policy of the CLF is to charge an interest rate that is the greater of the Federal Reserve Primary Credit Rate in effect at the time a loan is approved, or the rate on the corresponding FFB advance obtained by the CLF to fund the ARF.

When the FFB rate is used, the rate is based upon the current average market yield on outstanding obligations of the United States with remaining time to maturity of such loan. The FFB obtains its rate from the U.S. Treasury. The shortest Treasury maturity used by Treasury for pricing loans is the most recently auctioned 13 week Treasury (91 day T-Bills). Other sources of funds may be utilized by CLF and could result in a rate substantially different than the standard FFB arrangement.

## Computation of Interest on FFB-funded Advances

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The interest rate for each FFB advance shall be established by FFB at the time the respective advance is made, on the basis of the determination made by the Secretary of the Treasury, provided, however, that **the shortest maturity used as the basis for any rate determination shall be the remaining maturity of the most recently auctioned 13-week United States Treasury bills.**

- 1) Interest on the outstanding principal of each advance shall accrue from the date on which the respective advance is made to the date on which such principal is due.
- 2) Interest on each advance shall be computed on:
  - a) the actual days elapsed from (but not including) the date on which the respective advance is made to (and including) the date on which the payment of interest is next due; and

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<sup>16</sup> Rates on facility advances may include a fee to cover all Facility expenses and to provide for the accumulation of reasonable contingency reserves.



- b) a 365 day basis.

## Payment of Interest; Interest Payment Dates on FFB-funded Advances

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Interest accrued on the outstanding principal amount of each advance shall be due and payable as follows:

- 1) If the maturity date for the respective advance is a date that occurs **on or before** that date which is six months after the date on which such advance is made, interest shall be payable on such maturity date; and
- 2) If the maturity date for the respective advance is a date that occurs
  - a) **after** that date which is six months after the date on which such advance is made, and
  - b) **on or before** that date which is 12 months after the date on which such advance is made, interest shall be payable on that date which is 6 months before such maturity date (such date being the interest payment date for the respective advance) and on such maturity date.

## Repayment of Principal

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The outstanding principal amount of each advance is due and payable on the maturity date.

## Refunding (Rollover of an Advance)

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CLF may re-borrow (rollover) a part or all of a maturing advance. Notice of intent to rollover all or part of an advance must be given to FFB at least three business days before the new requested advance date (three business days prior to maturity). The new rate on the re-borrowed amount will be set by FFB on the new advance date.

## Repurchases (Prepayments of an Advance)

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CLF may elect to repurchase (prepay) all or any portion of the outstanding principal amount of an FFB advance. CLF must deliver to FFB written notification of each prepayment stating

- 1) the date of prepayment, and
- 2) the amount of principal of the respective advance.



A prepayment notice must be received by FFB five business days prior to the intended prepayment date.

CLF shall pay FFB a prepayment amount equal to the sum of:

- 1) the price for such advance that would, if such advance (including all unpaid interest accrued through the intended prepayment date) were purchased by a third party and held to the originally scheduled maturity date, produce a yield to the third-party purchaser for the period from the date of repurchase to the originally scheduled maturity date substantially equal to the interest rate that would be set on such a loan by the FFB (Treasury); and,
- 2) all unpaid late charges (if any) accrued on such advance through the intended prepayment date.

The prepayment amount shall be calculated by the Secretary of the Treasury as of the close of business on the second Business Day before the intended prepayment date. Minimum Repurchase amount is limited to \$100,000 of principal.

The CLF Agents and Agent group representative may make a prepayment in any amount at any time provided, as long as they give five business days' notice. However, the Facility shall impose a prepayment cost equivalent to any resultant prepayment cost incurred by the Facility.

In the event that any payment of any amount owing under the Facility advance is not made when and, as due, results in a late charge on a corresponding FFB advance, the late charge assessed by the FFB against CLF shall be in turn assessed against the credit union. Each payment under a Facility advance shall be made with immediately available funds by electronic funds transfer for credit to the CLF's operating account.

## Collateral Requirements

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By regulation, each Facility advance and each Agent loan must be secured by a first priority security interest in assets of the borrowing NPCU or in assets of an Agent when it is borrowing on its own behalf. Such assets must be of sufficient fair value after being adjusted for the collateral percentage amounts specified in the published CLF collateral table posted on the NCUA [website](#).<sup>17</sup>

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<sup>17</sup> Part 725.19 of NCUA Rules and Regulations



The Facility may accept a security interest in the Agent loans for which the Facility advance was made as collateral for each Facility advance to an Agent member; provided that the collateral for such Agent loans meets the requirements of the preceding paragraph.

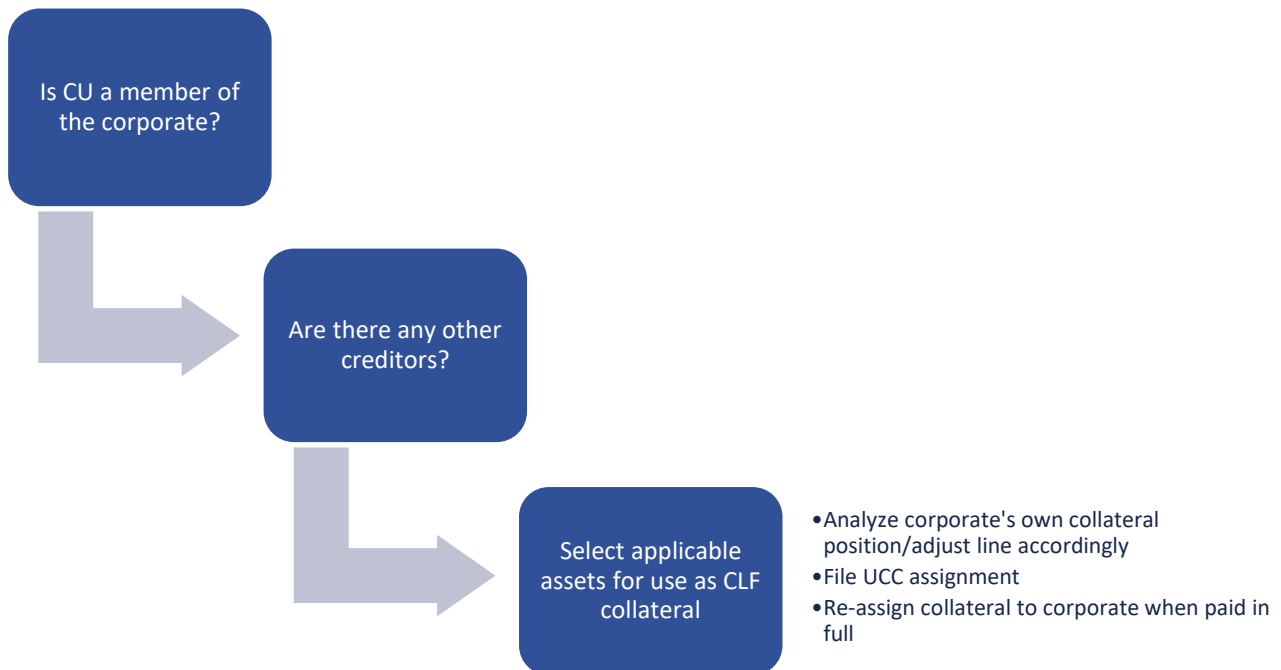
See also 12 CFR § 725.19 (a) and (c) and the *NCUA Central Liquidity Facility Repayment, Security and Credit Reporting Agreement* ([Appendix C](#)).

## Collateral Procedures for Agents/Correspondents

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Agents/[Correspondents](#) must establish collateral procedures that meet the Collateral requirements described above. As collateral administrator for the CLF, an Agent's/Correspondent's objective is to obtain and perfect a first lien security interest in collateral to cover the margin requirements of the outstanding CLF advance amounts. The diagram below illustrates the process by which Agents/Correspondents establish a first-priority collateral position.

### ESTABLISHING A FIRST-PRIORITY COLLATERAL POSITION

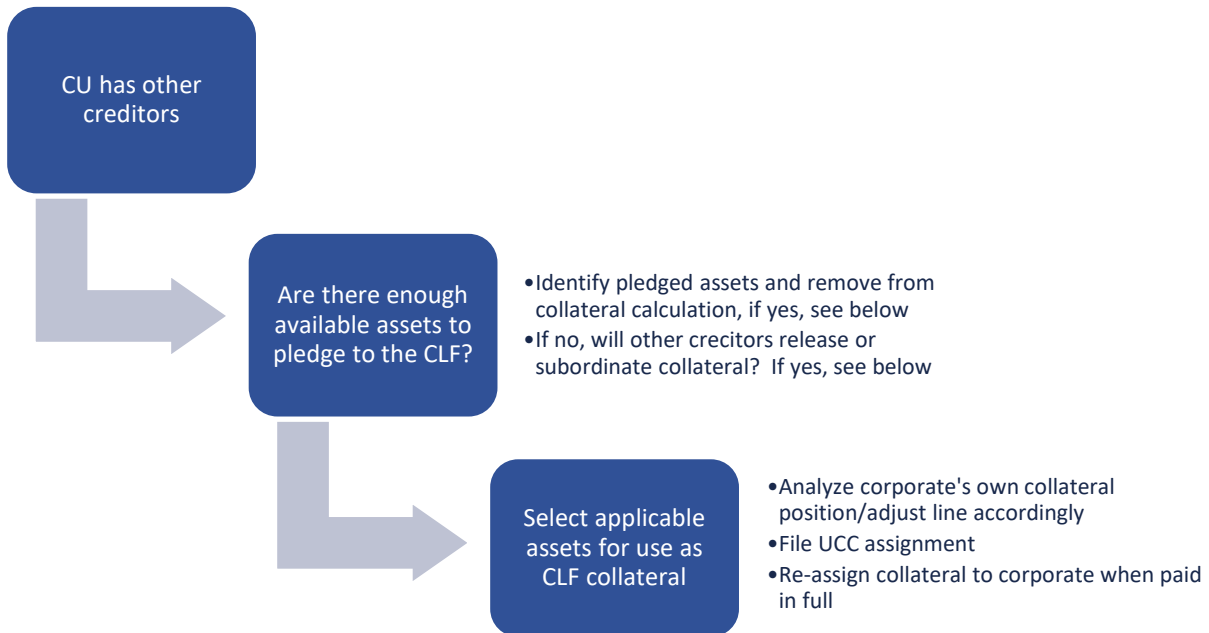


When a credit union's assets are already encumbered with other creditors, a subordination agreement may be necessary. For example, when a borrower's collateral is prepositioned with a



Federal Reserve Bank's Discount Window facility or pledged with a Federal Home Loan Bank, such arrangements may be under a blanket lien that encumbers all of the credit union's assets. In such cases, the Agent/Correspondent will need to establish a release of some collateral or subordination of the other creditor's position in the pledged collateral.

## ESTABLISHING A FIRST PRIORITY COLLATERAL POSITION WHEN SOME ASSETS ENCUMBERED



As collateral administrators, Agents/Correspondents file liens, releases, and re-assignments on behalf of the CLF. The CLF will not make an advance if it cannot establish a first priority security interest in collateral of the borrower. When unencumbered assets are available to pledge, the Agent/Correspondent will apply collateral amounts as established by the CLF Collateral Margins table published on the NCUA's [website](#). In most instances, an assignment of existing corporate collateral to the CLF via Uniform Commercial Code. A financing statement amendment (a form UCC3) will meet the objective. These forms may be filed:

- online, as permitted by state,
- using outside services available to do the filings, releases and searches, or
- Independently, as Agents/Correspondents may choose to do all the work in-house with or without assistance of counsel.



## Confirmations

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Terms of a Facility advance will be specified in a confirmation to the Agent member at the time each advance is made, in accordance with the CLF's ordinary settlement procedures. Details should include:

- the date of the advance,
- amount of the advance,
- the interest rate,
- the principal repayment date or dates (if any),
- the principal amount due on each such principal repayment date (excluding interest),
- the interest payment dates (if any), and
- the maturity date.



## Appendix A: Contacts

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### NCUA

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#### **Central Liquidity Facility**

1775 Duke Street  
Alexandria, VA 22314-3428  
(703) 518-6428  
[clfmail@ncua.gov](mailto:clfmail@ncua.gov)

#### **Office of Examination and Insurance**

1775 Duke Street  
Alexandria, VA 22314-3428  
(703) 518-6360, (703) 518-6499 FAX  
[eimail@ncua.gov](mailto:eimail@ncua.gov)

#### **Office of National Examination and Supervision (ONES)**

1775 Duke Street  
Alexandria, VA 22314-3428  
(703) 518-6640, (703) 518-6439 FAX  
[onesmail@ncua.gov](mailto:onesmail@ncua.gov)

#### **Eastern Region**

1775 Duke Street, Suite 4206  
Alexandria, VA 22314-3437  
(703) 519-4600, (703) 519-4620 FAX  
[EasternMail@ncua.gov](mailto:EasternMail@ncua.gov)

CT, DE, DC, ME, MD, MA, MI, NH, NJ,  
NY, OH, PA, RI, VT, VA, WV

#### **Southern Region**

4807 Spicewood Springs Rd. Suite 5200  
Austin, TX 78759-8490  
(512) 342-5600, (512) 342-5620 FAX  
[SouthernMail@ncua.gov](mailto:SouthernMail@ncua.gov)

TX, OK, AL, AR, FL, GA, IN, KY, LA,  
MS, NC, PR, SC, TN, U.S. VIRGIN  
ISLANDS

#### **Western Region**

1230 W. Washington Street,  
Suite 301  
Tempe, AZ 85281  
(602) 302-6000, (602) 302-6024 FAX  
[WesternMail@ncua.gov](mailto:WesternMail@ncua.gov)

AK, AZ, CA, CO, GU, HI, ID, IL, IA, KS,  
MN, MO, MT, NE, NV, NM, ND, OR, SD,  
UT, WA, WI, WY

#### **AMAC -Asset Management & Assistance Center**

4807 Spicewood Springs Rd, Suite 5100  
Austin, TX 78759-8490  
(512) 231-7900, (512) 231-7920 FAX  
[amacmail@ncua.gov](mailto:amacmail@ncua.gov)

## CLF Agent

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### **Alloya Corporate Federal Credit Union**

Todd Adams, CEO/President  
184 Shuman Boulevard, Suite 400  
Naperville, IL 60563  
(800) 782-2431  
[www.alloyacorp.org](http://www.alloyacorp.org)

### **Catalyst Corporate Federal Credit Union**

Bruce Fox, CEO/President  
6801 Parkwood Blvd  
Plano, TX 75024  
(800) 442-5763  
[www.catalystcorp.org](http://www.catalystcorp.org)

### **Corporate America Credit Union**

Pete Pritts, CEO/President  
4365 Crescent Rd  
Irondale, AL 35210-1774  
(800) 292-6242  
[www.corpam.org](http://www.corpam.org)

### **Corporate Central Credit Union**

Chris Felton, CEO/President  
6262 South Lowell Pl  
Muskego, WI 53150  
(800) 242-4747  
[www.corpcu.com](http://www.corpcu.com)

### **Corporate One Federal Credit Union**

Melissa Ashley, CEO/President  
8700 Orion Pl  
Columbus, OH 43240  
(866) 692-6771  
[www.corporateone.coop](http://www.corporateone.coop)

### **Eastern Corporate Federal Credit Union**

Jane Melchionda, CEO/President  
35 Corporate Dr, Ste 300  
Burlington, MA 01803  
(800) 428-1144  
[www.eascorp.org](http://www.eascorp.org)

### **Louisiana Corporate Credit Union**

David Savoie, CEO/President  
3500 N Causeway Blvd, Ste 1510  
Metairie, LA 70002  
(800) 421-7030  
[www.lacorp.com](http://www.lacorp.com)

### **Millennium Corporate Credit Union**

Larry Eisenhower, CEO/President  
8615 W Frazier Ln  
Wichita, KS 67212  
(800) 721-2677  
[www.millenniumcorporate.org](http://www.millenniumcorporate.org)

### **TriCorp Federal Credit Union**

Stephen Roy, CEO/President  
2 Ledgeview Dr  
Westbrook, ME 04092  
P.O. Box 1429 Portland, ME 04104  
(800) 346-1936  
[www.tricorp.org](http://www.tricorp.org)

### **Vizo Financial Corporate Credit Union**

Jay Murray, CEO/President  
7900 Triad Center Dr Ste 410  
Greensboro, NC 27409  
(800) 585-4317  
[www.vfccu.org](http://www.vfccu.org)

### **Volunteer Corporate Credit Union**

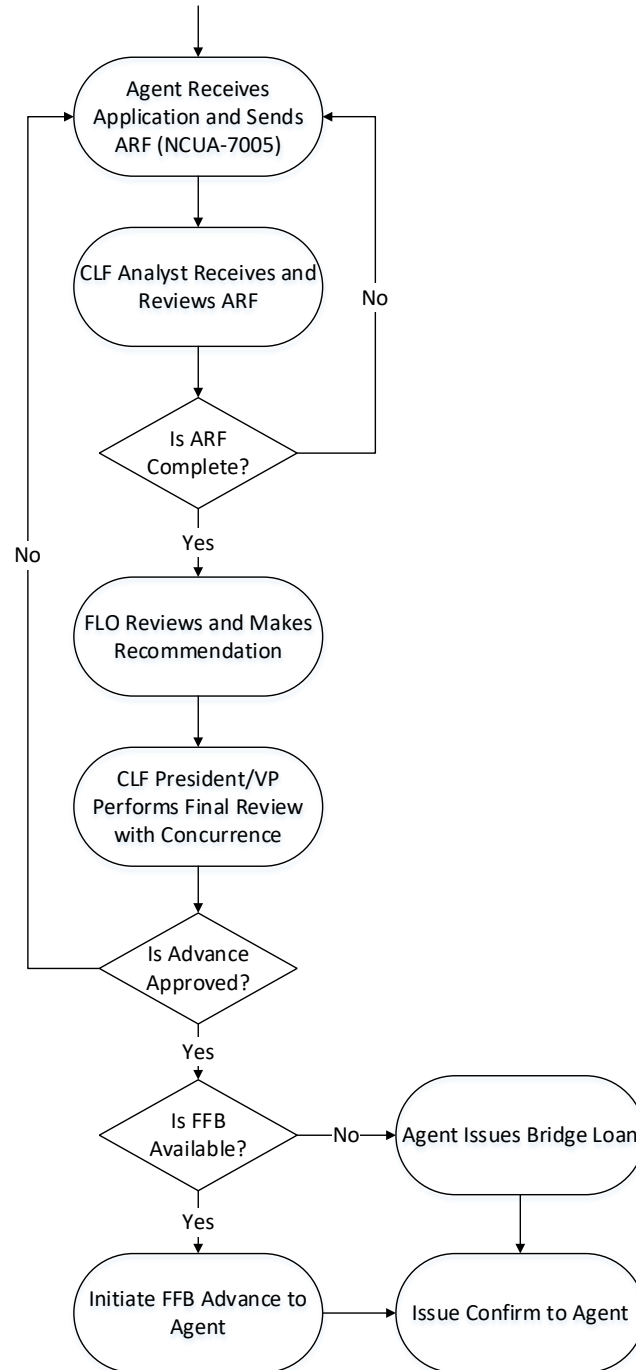
Jeff Merry, CEO/President  
2460 Atrium Way  
Nashville, TN 37214  
(800) 470-3444  
[www.volcorp.org](http://www.volcorp.org)





## Appendix B: Application Process

Member NPCU Sends Liquidity Loan Application  
(CLF-10 or Equivalents)



## APPENDIX C: AGREEMENTS

OMB Control No. 3133-0155

### C-1: Instructions for Completing the Application and Agreements for Agent Membership in the NCUA Central Liquidity Facility

#### PART A

##### Item No. Instructions/Remarks

- 4 Enter your corporate credit union's charter number if federally chartered or National Credit Union Share Insurance Fund (NCUSIF) certificate number if federally insured. Leave blank if your credit union is neither federally chartered nor insured by the NCUSIF.
- 5, 6 Enter the name, email address, and telephone number (including area code) of the individual to be contacted regarding Central Liquidity Facility (the Facility) matters. The individual named should be a person authorized to transact business with the Facility.
- 7 Enter the date this application is prepared.
- 8 Check the appropriate block to indicate insurance status of your corporate credit union. If member shares are insured by the NCUSIF, check block (a). If member shares are insured by a share insurance program other than NCUSIF, check block (b). If member shares in your credit union are uninsured, check block (c).
- 9 If block 8(b) is checked, enter the name of the share insurance program which insures your members' shares.
- 10 Enter the name and address and ABA routing number of the financial institution used by the corporate credit union as its depository and record corporate credit union's account number at that depository.
- 11 Using the list of member natural person credit unions which is furnished by the applicant, the Facility shall determine the amount of paid-in and unimpaired capital and surplus using a six month arithmetic average, for all such members who are not Regular members of the Facility. The amount of paid-in and unimpaired capital and surplus for each natural person credit union will be that amount reported to the National Credit Union Administration (NCUA) in the natural person credit union's filing of NCUA Form 5300-Call Report.
- Where the above report has not been filed, the Facility will use other data obtained from the affected natural person credit union or its state supervisory authority. The capital stock subscription for this corporate credit union is equal to one half of one percent of the average paid-in and unimpaired capital and surplus determined above. The amount of the required Facility stock subscription is determined by multiplying the average paid-in and unimpaired capital and surplus from above by .005 and rounding the resultant answer to the nearest

whole dollar. For example, using \$505,004,500 average Paid-in and Unimpaired Capital and surplus, the Facility capital stock subscription would be computed as follows:

$$\begin{array}{r} \$505,004,500 \\ \times .005 \\ \hline \$2,525,022.50 \end{array}$$

(\$2,525,022.50 rounded to the nearest whole dollar equals \$2,525,023.)

The amount of funds that must accompany this application when it is submitted to the Facility is computed by dividing the dollar amount of the stock subscription reported in item 11 by two. In our foregoing example where the stock subscription was \$2,525,023, the credit union would be required to enclose with its application \$1,262,511 ( $\$2,525,023 \div 2$ ). Payment to the Facility will be made through pay.gov.

#### PART B

Indicate by checking the box that your corporate credit union is seeking Agent membership.

#### PART C

The Facility is permitted to lend to credit unions primarily serving natural persons to meet liquidity needs as specified in the CLF Act. To ensure that Facility loans are used only for those purposes permitted by the CLF Act, the Facility will need to have access to certain records of the Agent member and will require certain recordkeeping. This section contains a series of agreements that will provide the Facility with the necessary access to information.

#### PART D

Any supporting documents submitted with this application are to be identified by schedule number beginning with one and numbered consecutively. All schedules should be listed in Part D.

Prior to submitting this application, the resolutions contained in Part D must be adopted by the board of directors.



## APPENDIX C-1

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### PART C: AGENT MEMBERSHIP AGREEMENTS AND SUPPORTING DOCUMENTS

- 1) The above named corporate credit union hereby applies for Agent membership in the Facility as provided in Title III of the Federal Credit Union Act, and in consideration of the granting of Agent membership hereby agrees:
  - a) To comply with the requirements of Title III of the Federal Credit Union Act and any regulations and reporting requirements which are prescribed for Agent members by the NCUA Board pursuant thereto.
  - b) To permit such examinations as in the judgment of the NCUA Board may from time to time be deemed necessary.
  - c) To permit the NCUA Board or its designee to have access to any information or report with respect to any examination made by or for any public regulatory authority, including any commission, board, or authority having supervisory responsibility over this corporate credit union, and furnish such additional information with respect thereto as the NCUA Board may require.
  - d) To permit the NCUA Board or its designee to have access to all records and information concerning the affairs of this corporate credit union related to Facility activity and to furnish such information pertinent thereto that the NCUA Board may require.
  - e) To cause to be made, on an annual basis, a third party independent audit of corporate credit union's books and records and provide the Facility with copies of such audit, if requested.
  - f) To maintain records related to Facility activity in conformance with requirements prescribed by the NCUA Board from time to time.
  - g) To hold in confidence all information furnished by the Facility and to disclose such information only when and to the extent authorized by the Facility.
  - h) To hold in confidence all information furnished to the corporate credit union in its role as an Agent of the Facility by any state regulatory authority or share insurance agent and to disclose such information only when and to the extent authorized by the Facility.
- 2) The following required supporting documents are attached.
  - a) A listing of those natural person credit unions that are members of this corporate credit that the corporate credit union is acting as Agent for including natural person credit union's charter/insurance number, name and address.
  - b) Completed ACH and W-9 forms.
  - c) A copy of our credit union's charter and bylaws (not required for Federal credit unions).

**APPENDIX C-1**

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**PART D: CERERTIFICATIONS AND RESOLUTIONS**

We, the undersigned, certify to the correctness of the information submitted. In support of this application we submit the Schedules described below:

\_\_\_\_\_  
Schedule No. (Signature) Chief Elected Official

\_\_\_\_\_  
Title (Print or Type Officer's Name)

\_\_\_\_\_  
Schedule No. (Signature) Treasurer

\_\_\_\_\_  
Title (Print or Type Treasurer's Name)

\_\_\_\_\_  
Schedule No.

\_\_\_\_\_  
Title

\_\_\_\_\_  
Schedule No.

\_\_\_\_\_  
Title

**APPENDIX C-1**

***Certifications and Resolutions***

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(Name of Corporate Credit Union)

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(City)

(State)

We certify that we are the duly elected and qualified president (chief elected official) and secretary of said credit union and that at a properly called regular or special meeting of its board of directors, at which a quorum was present, the following resolutions were passed and recorded in its minutes:

"Be it resolved that this credit union apply for Agent membership in the National Credit Union Central Liquidity Facility as provided in Title III of the Federal Credit Union Act."

"Be it further resolved that the president (chief elected official) and treasurer be authorized and directed to execute the APPLICATION AND AGREEMENTS FOR AGENT MEMBERSHIP IN THE NCUA CENTRAL LIQUIDITY FACILITY and any other papers and documents required in connection therewith and to pay all expenses and do all such things necessary or proper to secure and continue such membership."

"Be it further resolved that the president/chairman or vice president/vice chairman and treasurer or assistant treasurer (or their successors as authorized by resolution) are authorized to execute notes and applications for advances from the National Credit Union Central Liquidity Facility in such amounts as may be authorized from time to time by the board of directors of this credit union."

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(Signature)

Chief Elected Official

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(Signature)

Secretary, Board of Directors

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(Print or Type Officer's Name)

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(Print or Type Secretary's Name)

**NOTE: A WILLFULLY FALSE CERTIFICATION IS A CRIMINAL OFFENSE. U.S. CODE, TITLE 18, SEC. 1001.**

## APPENDIX C: AGREEMENTS

OMB Control No. 3133-0155

### C-2 NCUA Central Liquidity Facility Repayment, Security, and Credit Reporting Agreement (Agent Member)

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Corporate Credit Union Name

---

Charter / Insurance Certificate Number

---

City

---

State

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## PARTIES

(1) **Effective date.** This agreement is between the National Credit Union Central Liquidity Facility (hereinafter the Facility) and a corporate credit union which is an Agent member of the Facility (hereinafter the Agent). This agreement becomes effective when signed by the Agent and the Facility. This agreement shall remain in effect as long as the Agent is a member of the Facility or there is any unpaid repayment obligation created hereunder between the Agent and the Facility.

(2) **Facility rules and regulations, etc.** All advances of Facility funds to the Agent are subject to this agreement and to all applicable terms and conditions in the National Credit Union Central Liquidity Facility Act, regulations prescribed by the NCUA Board on behalf of the Facility, and operating circulars issued by the Facility, including all amendments and supplements thereto. The Agent shall perform each of the obligations imposed on it by any such term or condition.

## REPAYMENT

(3) **Confirmation.** In connection with each advance of Facility funds to the Agent, the Facility shall issue a confirmation of credit (hereinafter the confirmation) which shall be sent to the Agent. The confirmation may be issued before or after the date of the advance and shall be in such form and sent in such manner as may be determined by the Facility. The confirmation shall specify:

(i) the date of the advance;

- (ii) the amount of the advance;
- (iii) the interest rate;
- (iv) the principal repayment date or dates, if any;
- (v) the principal amount due on each such principal repayment date (excluding interest);
- (vi) the interest payment date or dates, if any;
- (vii) the maturity date; and
- (viii) the pending and outstanding loans from the Agent to its member natural person credit unions which are the basis for the Facility advance (hereinafter Agent loans), including the principal amount or principal balance of each such loan, the name of the natural person credit union which has applied for or received the loan, and the type or types of liquidity needs that are being met by the loan (i.e., short-term adjustment credit, seasonal credit, or protracted adjustment credit.)<sup>1</sup>

The confirmation may also specify the method of payment that must be used by the Agent to pay the Facility on each principal payment date, each interest payment date, and the maturity date. A confirmation may be combined with other information, including other confirmations, in a listing or other form of communication. More than one advance of Facility funds may be included, with or without other funds, in a single transfer of funds from the Facility to the Agent. The principal repayment dates, the principal amount due on each such principal repayment date, and the interest payment dates may be specified in the confirmation by reference to other dates or amounts.<sup>2</sup>

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<sup>1</sup> An advance of Facility funds may be based on a single pending or outstanding loan. A pending or outstanding loan becomes an "Agent loan", as that term is used herein, when the Agent receives a Facility advance which is based in full or in part on such loan. It ceases to be an Agent loan, as that

term is used herein, when the repayment obligation created hereunder by the advance is paid in full to the Facility.

<sup>2</sup> For example, a confirmation may specify dates and amounts as follows: "principal repayment dates" are eight business days after each date on which the Agent receives one or more principal payments on Agent loans listed in

**NOTE: A WILLFULLY FALSE CERTIFICATION IS A CRIMINAL OFFENSE. U.S. CODE, TITLE 18, SEC. 1001.**

## APPENDIX C-2

(4) **Repayment obligation.** When the Agent receives an advance of Facility funds, a repayment obligation is created (hereinafter repayment obligation created hereunder) whereby the Agent, for value received, agrees:

- (i) to pay to the Facility on each principal repayment date an amount equal to the principal amount due on such principal repayment date; and
- (ii) to pay the Facility on each interest payment date an amount equal to unpaid interest from the date of the advance through such interest payment date; and
- (iii) to pay the Facility on the maturity date an amount equal to the unpaid balance of the amount of the advance, if any, plus unpaid interest from the date of the advance through such maturity date; and
- (iv) if the principal amount due on any principal repayment date is not paid on or before such a date, to pay the Facility:
  - (a) reasonable expenses of collection, including the reasonable attorney's fees and expenses incurred, plus
  - (b) a late principal payment charge equal to two percent of such principal amount, plus
  - (c) interest after such date through the maturity date on the unpaid balance of such principal amount at the interest rate specified on the confirmation,<sup>3</sup> and
- (v) if the unpaid interest due on any interest payment date or the maturity date is not paid on or before such date, to pay the Facility:
  - (a) reasonable expenses of collection, including the reasonable attorney's fees and expenses incurred, plus
  - (b) a late interest payment charge equal to 20 percent of such unpaid interest; and
- (vi) if the amount due on the maturity date is not paid on or before the maturity date, to pay the Facility
  - (a) reasonable expenses of collection, including the reasonable attorney's fees and expenses incurred, plus

- (b) a late principal payment charge equal to two percent of the unpaid balance of the amount of the advance, as due on the maturity date, plus
- (c) interest after the maturity date on the unpaid balance of the overdue principal amount at the overdue interest rate specified in this agreement.

As used herein, unless the context otherwise requires, the date and amount of the advance, the interest rate, the principal repayment dates, the principal amount due on each such principal repayment date, the interest payment dates, and the maturity date are the dates, amount and rate specified as such in the confirmation issued by the Facility in connection with the advance; the overdue principal amount used for determining interest after the maturity date is equal to the unpaid balance of the amount of the advance, as due on the maturity date, plus unpaid interest from the date of the advance through the maturity date plus the unpaid balance of any late principal and interest payment charges payable through the day after the maturity date; and the overdue interest rate is the higher of the following two rates, namely, the interest rate specified in the confirmation or the highest interest rate set by the Facility for Facility advances to any party on the maturity date. Interest from the date of the advance through the maturity date shall be determined hereunder as follows, using the interest rate specified in the confirmation: interest shall accrue each day on the unpaid balance of the amount of the advance, and the unpaid interest from the date of the advance through any date shall be equal to all accrued interest through such date.

The Agent may make a prepayment in any amount at any time. When the unpaid balance of the amount of the advance is reduced as a result of a prepayment, the principal amount due on the next succeeding principal repayment shall be reduced by an amount equal to the reduction in the unpaid balance of the amount of the advance. If any amount due on any interest payment date or the maturity date includes an amount that has previously been subjected to a late principal payment charge or a late interest payment charge under subparagraphs (4)(iv) or (4)(v) hereof, the amount used for computing any late interest payment charge or late principal payment charge on the amount due on such date shall exclude the amount that has previously been subjected to such a charge

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the confirmation; the "principal amount due on each such principal payment date" is the aggregate amount of such principal payments received by the Agent on the Agent loans; and "interest payment dates" are twelve business days after the end of each calendar month.

<sup>3</sup> Under paragraph (11) of this agreement, the full amount owed to the Facility at maturity will become immediately due and payable, unless otherwise

determined by the Facility, if the Agent fails to pay the amount due on any principal; repayment date or any interest payment date. In such case, the late payment charges and overdue interest rate specified in subparagraphs (4)(v) and (4)(vi) hereof would apply to the full amount owed to the Facility.

**NOTE: A WILLFULLY FALSE CERTIFICATION IS A CRIMINAL OFFENSE. U.S. CODE, TITLE 18, SEC. 1001.**



## APPENDIX C-2

under subparagraphs (4)(iv) or (4)(v) hereof. The Facility may waive any part or all of the interest, late principal payment charge, late interest payment charge or overdue interest. Each payment on a repayment obligation created hereunder, including a prepayment thereon, shall be applied as follows to the amounts payable under the repayment obligation: if the payment is made on or before the maturity date, it shall be applied first to the unpaid balance of any late principal and interest payment charges payable through the time of the payment, then to any unpaid interest that was not paid when due, then to the unpaid balance of any principal amount that was not paid when due, then to any unpaid interest that is due at the time of the payment, then to the unpaid balance of any principal amount that is due at the time of the payment, then to the remaining unpaid balance of the amount of the advance, and then to the remaining unpaid interest; if the payment is made after the maturity date, it shall be applied first to unpaid interest on the overdue principal amount and then to the unpaid balance of the overdue principal amount. If the amounts owed to the Facility on all repayment obligations created hereunder become immediately due and payable under the terms of paragraph (11) hereof, the maturity date of each such repayment obligation, as used herein, is the earlier of the following two dates, namely

- the date such amounts became immediately due and payable, or
- the date specified as the maturity date in the confirmation issued by the Facility in connection with the advance that created the repayment obligation.

The Agent member may make a prepayment in any amount at any time provided, however, that the Facility shall impose on any such prepayment, a prepayment cost equivalent to any resultant prepayment cost incurred by the Facility.

## RELENDING

(5) **Basis for Facility advance.** In connection with each advance of Facility funds to the Agent:

- (i) The Agent's application for the Facility advance must be filed on a Facility-approved application form, or pursuant to any other method approved by the Facility, and must be based on the following:
  - (a) one or more applications to the Agent by its member natural person credit unions for pending loans to meet liquidity needs; or

- (b) one or more outstanding loans previously made by the Agent to its member natural person credit unions to meet liquidity needs; or
  - (c) such other demonstrable liquidity needs as the NCUA Board may specify; or
  - (d) a combination of such applications, loans and other liquidity needs.<sup>4</sup>
- (ii) Each such application to the Agent by a member natural person credit union for a pending loan (hereinafter a pending loan) must have been submitted to the Agent on a Facility-approved application form, or pursuant to any other method approved by the Facility, and must have been approved by the Agent, provided that the Agent's approval may be conditioned on the Facility's approval of the Agent's application to the Facility.
  - (iii) Each such outstanding loan previously made by the Agent to a member natural person credit union (hereinafter an outstanding loan) must have been applied for on a Facility-approved application form, or pursuant to any other method approved by the Facility, and must have been approved by the Agent.
  - (iv) In determining whether to approve each such pending or outstanding loan, the Agent must have given due consideration to the creditworthiness of the member natural person credit union in accordance with the requirements prescribed in the regulations and operating circulars of the Facility.
  - (v) The aggregate principal amount of such pending loans plus the aggregate principal balance of such outstanding loans must be equal to or exceed the amount of the Facility advance requested in the Agent's application to the Facility.
  - (vi) Except as otherwise approved by the Facility, the Agent's application for the Facility advance must contain the following information with respect to each pending or outstanding loan:
    - (a) the name of the member natural person credit union which has applied for or received the pending or outstanding loan;
    - (b) the type or types of liquidity needs that are being met by the pending or outstanding loan (i.e., short-term adjustment credit, seasonal credit, or protracted adjustment credit);

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<sup>4</sup> Each such pending or outstanding loan must be a "qualified liquidity loan" subject to the repayment, security and credit

reporting terms prescribed by the Facility for Agent loans. See subparagraph (5)(vii) of this agreement.

**NOTE: A WILLFULLY FALSE CERTIFICATION IS A CRIMINAL OFFENSE. U.S. CODE, TITLE 18, SEC. 1001.**

## APPENDIX C-2

- (c) the principal amount of the pending loan, or the principal balance of the outstanding loan;
- (d) if a pending loan, the date or dates the pending loan is expected to be advanced to the member natural person credit union, and the amount that is expected to be advanced on each such date;<sup>5</sup>
- (e) the interest rate on the pending loan or outstanding loan;
- (f) the type of repayment requirement that applies to the pending or outstanding loan (i.e., fixed term or scheduled repayment), and the date and amount of each principal payment that is required to be paid to the Agent on the pending or outstanding loan;
- (g) a description of any security interest which the Agent has granted in the pending or outstanding loan to any party other than the Facility, including the name of the party, the amount secured, the other types of assets, if any, that are also subject to the security interest, and a statement as to whether the security interest is perfected or unperfected; and
- (h) such additional information as may be required by the Facility or in the Facility-approved application form.

The information required with respect to each such pending or outstanding loan may be combined with other information, including information relating to other loans, in copies of the Agent's records, in a listing, or in such other form as may be approved by the Facility.

- (vii) Each such pending or outstanding loan must be subject to an agreement between the Agent and the member natural person credit union whereby the member natural person credit union agrees to the repayment, security and credit reporting terms prescribed by the Facility for Agent loans.<sup>6</sup>
- (viii) If the amount of any advance on any such pending loan is not advanced to the member natural person credit union on or before the date the amount was expected to be advanced, as stated in the Agent's

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<sup>5</sup> Ordinarily, a pending loan should be fully advanced to the member natural person credit union within ten (10) business days after the Agent receives the Facility advance.

<sup>6</sup> A copy of such terms is attached to this agreement. A pending or outstanding loan is subject to such terms if the credit union has signed or agreed to such terms and if the loan was made solely to meet liquidity needs and was specified by the Agent as a "qualified liquidity loan" at the time the

application for the Facility advance or in any subsequent report to the Facility, the Agent shall submit a report to the Facility not later than five business days after such date. The report shall state the reason the amount was not advanced on such date and shall specify the date the amount was advanced or is expected to be advanced. Within eight business days after the Agent receives any principal payment on an Agent loan, the Agent shall report such principal payment to the Facility. The report shall identify the Agent loan and shall show the date and amount of the principal payment.

- (ix) The Agent shall promptly notify the Facility of any default on any Agent loan.
  - (x) All Agent loans shall have the status of general intangibles under the Uniform Commercial Code, and no promissory note or similar writing shall be signed or apply with respect to any such loan.<sup>7</sup>
  - (xi) Except as otherwise permitted by the Facility, the principal amounts owed to the Agent on all Agent loans shall, at all times, equal or exceed the principal amounts owed by the Agent to the Facility on all repayment obligations created hereunder. If the principal amounts owed to the Agent on Agent loans to any one natural person credit union at any time exceed 10 percent of the subscribed capital stock and surplus of the Facility, the security interests granted to the Agent as security for such Agent loans shall be perfected by the Agent to the extent necessary to maintain a perfected security interest in collateral having a value equal to or greater than such excess.
- (6) **Records.** The Agent shall maintain a separate account or record for each member natural person credit union to which Agent loans have been made. The separate account or record shall identify each Agent loan and show all amounts advanced and repaid on such loan. If records maintained by the Facility for Agent loans are used by the Agent as its record of such loans, no additional account or record needs to be maintained by the Agent with respect to such loans.
- (7) **Agent loan agreement.** The Agent shall comply with all terms and conditions imposed on the Agent in the

loan was made. "Agent loans" are defined as subparagraph (3)(viii) of this agreement.

<sup>7</sup> Under subparagraph (5)(vii) of this agreement, the repayment, security and credit reporting terms prescribed by the Facility for Agent loans must apply to all Agent loans, and they do not constitute a "promissory note or similar writing", as those terms are used herein.

**NOTE: A WILLFULLY FALSE CERTIFICATION IS A CRIMINAL OFFENSE. U.S. CODE, TITLE 18, SEC. 1001.**

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repayment, security and credit reporting terms prescribed by the Facility for Agent loans.

### SECURITY

- (8) **Collateral.** As security for all repayment obligations created hereunder, whenever created, the Agent grants a security interest in favor of the Facility in the following property, whenever acquired (hereinafter the collateral):
- (i) All repayment obligations from member natural person credit unions to the Agent, whenever created, arising out of loans that constitute Agent loans to such credit unions; and
  - (ii) the security interests granted to the Agent by such credit unions as security for such repayment obligations.
- (9) **Perfection.** The Facility shall have the right at any time to perfect the security interest granted hereunder with respect to any part or all of the collateral. Perfection shall be by filing in accordance with the filing requirements for general intangibles under the Uniform Commercial Code and other applicable laws. The Agent shall sign a financing statement and such other papers as may be appropriate for filing and shall pay all necessary filing fees. To the extent requested by the Facility, the Agent shall perfect the security interests granted to the Agent by natural person credit unions as security for Agent loans.
- (10) **Transfer restriction.** Except as approved or permitted by the Facility, the Agent shall not sell or otherwise transfer the collateral or grant a security interest in the collateral to any party other than the Facility. The Facility may subordinate or terminate its security interest in any part or all of the collateral subject to such terms and conditions as the Facility may impose.
- (11) **Acceleration and default.** Except as otherwise determined by the Facility, the amounts owed to the Facility on all repayment obligations created hereunder shall become immediately due and payable to the Facility, without any demand or notice, upon:
- (i) the failure of the Agent to perform any of its obligations under this agreement, including failure to pay the amount due on any principal repayment date, interest payment date or maturity date under any repayment obligation created hereunder; or
  - (ii) the failure of the Agent to pay any other obligation to the Facility when due; or
  - (iii) the failure of the Agent to comply with the terms of any undertaking, statement or representation made by

- the Agent to the Facility in any application, certification or other communication; or
- (iv) the insolvency of, or appointment of a trustee or receiver for, the Agent; or
- (v) an assignment for the benefit of creditors of the Agent, or
- (vi) the closing or suspension or revocation of the charter of the Agent, or the taking possession of its business, by any governmental authority; or
- (vii) the withdrawal of the Agent from membership in the Facility.

The occurrence of any of the events described in subparagraphs (11)(i) through (11)(vii) hereof shall constitute a default under this agreement. The term "insolvency" in subparagraph (11)(iv) hereof has the same meaning as in 12 C.F.R. § 700.2. The facility may waive a default under this agreement and may reinstate the maturity date or any principal payment date, or interest payment date on any repayment obligation created hereunder which becomes immediately due and payable as a result of any such default.

- (12) **Enforcement.** Upon the occurrence of a default under this agreement, or at any time thereafter, the Facility shall have all the rights and remedies provided under the Uniform Commercial Code and under this agreement, including but not limited to any one or more of the following: the Facility may, in its own name, or in the name of the Agent.
- (i) notify member natural person credit unions to make payments to the Facility on any one or more of the repayment obligations of such credit unions which constitute the collateral under this agreement;
  - (ii) collect the amounts due on any one or more of such repayments obligations of such credit unions by any available judicial procedure;
  - (iii) enforce the security interests granted by any such credit unions as security for such repayment obligations;
  - (iv) exercise all the rights and remedies of the Agent with respect to such security interests, including enforcement of such security interests by any available judicial procedure; and
  - (v) sell or otherwise dispose of any one or more of such repayment obligations of such credit unions, together with the security interests securing such repayment obligations, at public or private proceedings.

The proceeds of such repayment obligations of such credit unions, including the proceeds of the sale or other disposition thereof, shall be applied by the Facility first to the reasonable expenses of collecting such proceeds and of selling such

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## APPENDIX C-2

repayment obligations of such credit unions, including the reasonable attorneys' fees and legal expenses incurred, and then to the payment of amounts due on all repayment obligations created hereunder. Any surplus then remaining shall be paid or returned to the Agent. If there is a deficiency, the Agent shall be liable for the deficiency. If the Facility is indebted to the Agent, the Facility shall have the right to set-off such indebtedness against all amounts due the Facility on all repayment obligations created hereunder, without regard to when such indebtedness may be due and payable.

### CREDIT REPORTING

(13) **Required reports.** The Agent shall file such reports and provide such information as may be required by the Facility from time to time.

### CONSTRUCTION, MODIFICATION, AND MISCELLANEOUS

(14) **Governing law.** This agreement shall be construed under and governed by the Federal Credit Union Act and NCUA regulations and, to the extent neither provide a rule of decision, the law of the Commonwealth of Virginia, including the Uniform Commercial Code as adopted and amended from time to time by the Commonwealth of Virginia, with reference to its conflict of law provisions. All references to the Uniform Commercial Code in this agreement are to such Code as adopted and amended from time to time by the Commonwealth of Virginia. Unless the context of this agreement requires otherwise, the terms used in such Code shall have the same meaning when used in this agreement. Unless the Uniform Commercial Code or the context of this agreement requires otherwise, the terms defined in the regulations prescribed by the NCUA Board on behalf of the Facility shall have the same meanings when used in this agreement.

**Modification procedures.** This agreement may be modified from time to time in writing by the parties hereto. The modification shall apply to all advances of Facility funds after its effective date. All such modifications are a part of this agreement, including modifications that occurred prior to the signing of this agreement. Operating circulars issued by the Facility may include interpretive rules and statements of policy with respect to the terms and conditions of this agreement but may not modify any such terms or condition. Without

modification of this agreement, the Facility may waive any part or all of any obligation imposed on the Agent by any term or condition of this agreement, and the Facility may reinstate any part of all of any such obligation previously waived by the Facility.

- (15) **Filing location.** Unless otherwise directed by the Facility, all applications, reports, notifications and other communications from the Agent to the Facility shall be filed with a Facility lending officer.
- (16) **Disclaimer of agency relationship.** Except as specifically authorized by the Facility, no agency relationship exists between the Facility and the Agent, and the term "Agent" is not intended to imply any such relationship.
- (17) **Agent compensation.** The Facility shall compensate the Agent for the services it performs for the Facility as a result of the obligations imposed on the Agent by this agreement. Compensation shall be determined and provided by the Facility in accordance with any regulations prescribed by the NCUA Board on behalf of the Facility and in accordance with operating circulars issued by the Facility. Subject to such regulations and operating circulars, the following factors shall be taken into account by the Facility in determining and providing compensation to the Agent:
- (i) the additional expenses that are incurred by the Agent as a result of the obligations imposed on the Agent by this agreement;
  - (ii) the income that is earned by the Agent on Agent loans; and
  - (iii) such other factors, if any, as the NCUA Board may deem relevant.
- (18) **Delegation restriction.** Except as authorized or permitted in this agreement by the Facility, the rights and obligations of the Agent under this agreement may not be transferred or delegated by the Agent. The Agent is permitted to use the data processing services of other parties to process the accounts and records that they are required to maintain under this agreement.
- (19) **Severability.** This agreement shall be severable. The invalidity of any term or condition of this agreement shall not invalidate the remainder of this agreement, and each term and condition of this agreement shall be fully enforceable regardless of the validity of any other term or condition of this agreement.

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**APPENDIX C-2**

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**NATIONAL CREDIT UNION ADMINISTRATION CENTRAL LIQUIDITY FACILITY**

**Accepted by:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Official's Name and Title

\_\_\_\_\_  
Date Accepted

\*  
\_\_\_\_\_  
(Signature) Treasurer

\_\_\_\_\_  
Print or Type Corporate Credit Union Name

\_\_\_\_\_  
Print or Type Treasurer's Name and Title

by\*  
\_\_\_\_\_  
(Signature) Chief Elected Official

\_\_\_\_\_  
Date of Execution of this Agreement

\*Must be signed by both the Chief Elected Official and the Treasurer.

**NOTE: A WILLFULLY FALSE CERTIFICATION IS A CRIMINAL OFFENSE. U.S. CODE, TITLE 18, SEC. 1001.**

**APPENDIX C: AGREEMENTS**

OMB Control No. 3133-0155

**C-3 National Credit Union Central Liquidity Facility Agent Request for Funds**

1) Complete the appropriate borrower information (see form instructions on page two):

Agent Member: \_\_\_\_\_  
(Name of CLF Agent)

Approved By: \_\_\_\_\_  
(authorized representative signature of Agent)

Application Date: \_\_\_\_\_

2) Complete the following liquidity-need loan information table (attach additional tables as necessary):

***Underlying Liquidity-Need Loan(s) To Natural Person Credit Union Members Serving As the Basis for the Request for Funds***

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>	<b>K</b>	<b>L</b>	<b>M</b>	<b>N</b>
Loan #	Name of Natural Person Credit Union Member	ID #: Charter, Insurance, or Other	Liquidity Loan Need Type (A, B or C)	Amount of Existing Loan Being Converted to an Agent Loan (\$)	Amount of Any New Agent Loan (\$)	Total Amount of Funds Requested (E+F)	Est. Collateral Amt. (\$000)	Collateral: Securities-A Shares-B Loans-C Other-D Blanket-E	Have you perfected a security interest (Y/N)?	Date Funds Needed	Maturity Date of Loan	Term of Loan (days)	Liquidity Need Loan Application Date
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
						<b>Total Funds</b>							

3) Complete the appropriate funds delivery information:

***Money Transfer Instructions for Approved Advance***

\_\_\_\_\_  
Routing & Transit No. (ABA)  
NCUA-7005

\_\_\_\_\_  
Depository Institution

\_\_\_\_\_  
Account No.

**APPENDIX C-3**

**NATIONAL CREDIT UNION CENTRAL LIQUIDITY FACILITY AGENT REQUEST FOR FUNDS**

***Agent Member Instructions***

- 1) Provide the name of the CLF Agent (corporate credit union) that is requesting funding for a loan and have an authorized representative of the institution sign/date the form on the applicable “approved by” line
- 2) Complete the Agent loan information table (column descriptions below). You may batch the underlying loans (the liquidity-need loans to natural person credit union members that serve as the basis for the request) into one request-for-funds amount. You may submit an extended form by attachment when the number of underlying loans exceeds the 10 lines provided in this table. Please ensure that attached extended forms contain the same detailed information and presentation format as this table.

<b>Column</b>	<b>Instructions For Completion of Liquidity Loan(s) Information Table</b>
A	Number given to the respective underlying loan making up the total request for funds.
B	Provide the name of the natural person credit union member requesting the liquidity loan from the CLF Agent.
C	Provide the Federal charter number, the insurance number (or other identifier if non-federally insured) of the natural person credit union member requesting the liquidity loan from the CLF Agent.
D	Provide the type of liquidity need as set forth in 12 U.S.C. § 1795a(1) and 12 C.F.R. § 725.2(i) with the letter code of A, B or C. “A” relates to a short-term adjustment credit; “B” relates to a seasonal credit; and “C” relates to protracted adjustment credit available in the event of unusual or emergency circumstances of a longer term nature.
E	If applicable, provide the amount of existing loan(s) previously funded by the corporate that is being converted to funding from an Agent loan.
F	If applicable, provide the amount of any new liquidity-need loan to be funded by an Agent.
G	Provide the total amount of funds requested (add the amounts of column E and F).
H	Provide the par/book amount of collateral supporting the Agent loan (leave blank if using a blanket lien).
I	Provide the specific type(s) of collateral pledged by the natural person credit union member to the Agent member to secure the liquidity-need loan. Use any of the letter codes that apply. A= investment securities; B= member shares at the corporate; C= natural person credit union loans to members; D= other assets; and, E= blanket lien on the assets.
J	Indicate, with a Yes or No, whether you have perfected a security interest in the collateral.
K	Provide the date that the funds are needed (the advance date).
L	Provide the maturity date of the requested Agent (the date the funds will be repaid to CLF).
M	Indicate the exact number of days the Agent is outstanding (the term of the advance).
N	Provide the date of the signed <i>Liquidity Need Loan Application</i> (completed by the natural person credit union member) on file with the CLF Agent. This form must be signed and in full force and effect at the time a Facility advance is made. If a natural person credit union member rescinds this agreement the Facility may not advance funds to the Agent to be relent to that institution.

- 3) Provide the CLF Agent’s funds delivery information on line 3A. Upon completion deliver directly to the Central Liquidity Facility for further processing. Forward the signed original of each Agent Request for Funds form directly to the Facility and maintain a copy for your records.

**APPENDIX C-4**

**C-4 Liquidity Need Loan Application**

*(Multi-Source Funding)*

This Liquidity Need Loan Application is made this \_\_\_\_\_ day of \_\_\_\_\_, by \_\_\_\_\_ (Credit Union, we, us, or our) a:  federal  state-chartered credit union primarily serving natural persons. In support of this application, Credit Union represents and agrees as follows:

- 1) Credit Union is a member of \_\_\_\_\_, a corporate credit union (Corporate).
- 2) Credit Union has one or more written credit or loan agreements, promissory notes, and security agreements (collectively, Credit Agreements) with Corporate. From time to time, Credit Union may request an advance under a Credit Agreement to meet liquidity needs as that term is defined in Section 302(1) of the Federal Credit Union Act, 12 U.S.C. § 1795a(1).
- 3) We understand that Corporate is a member of the National Credit Union Administration Central Liquidity Facility (CLF or Facility), may request a Facility advance from the CLF to fund an Agent loan to meet our liquidity needs. We understand that the terms Facility advance and Agent loan used in this application have the meanings provided in § 725.2(c) of NCUA’s regulations.
- 4) We understand and agree that Corporate, in its sole discretion, may access one or more sources of funding to provide a requested credit extension to meet our liquidity needs, including but not limited to, a Facility advance.
- 5) We agree to provide Corporate with any information needed to support a request for a Facility advance to fund an Agent loan to us.
- 6) If a Facility advance is made to fund a credit extension to us, we understand and agree that the requested credit extension will be an Agent loan. We also understand and agree that any such Agent loan will be subject to the repayment, security and credit reporting terms prescribed by the CLF for Agent loans and that all parties to the Facility advance have consented and agreed to be bound by these terms. A copy of these terms, to which we also consent and agree to be bound, is attached as Exhibit A to this application.

\_\_\_\_\_  
Signature of Authorized Representative of Credit Union

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title



## APPENDIX C-4:

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### EXHIBIT A: REPAYMENT, SECURITY AND CREDIT REPORTING TERMS APPLICABLE TO FACILITY ADVANCES FOR AN AGENT LOAN TO A NATURAL PERSON CREDIT UNION

**Definitions.** Terms used in this exhibit have the same meaning as used in the Liquidity Need Loan Application unless otherwise defined in this exhibit.

**Acknowledgment and Consent.** Credit Union agrees to be bound by the terms in this exhibit if an extension of credit under a Credit Agreement with Corporate is made in the form of an Agent loan for liquidity needs.

We also agree that the terms of this exhibit are supplemental to the provisions of the Credit Agreements. In the event of any inconsistency between the terms of the Credit Agreements and the terms in this exhibit, we agree the terms of this exhibit will control. Credit Union acknowledges that the terms of this exhibit may be changed by the National Credit Union Administration from time to time as provided in §§ 725.20 and 725.21 of NCUA's regulations. Any changes will apply to Facility Advances made after the effective date of the publication of the changes in the Federal Register as provided in § 725.21 of NCUA's regulations.

**Confirmation.** In connection with each Agent loan, Corporate must send a confirmation of credit to the Credit Union. The confirmation must specify that the advance is made for liquidity needs and subject to the repayment, security and credit reporting terms prescribed by the CLF for Agent loans. The confirmation must also disclose all material terms of the Agent loan.

**Repayment Obligation.** In connection with each Agent loan and as specified in the confirmation, Credit Union agrees that we are obligated:

- 1) to pay to Corporate on each principal repayment date an amount equal to the principal amount then due; and
- 2) to pay to Corporate on each interest payment date an amount equal to unpaid interest from the date of the Agent loan through such interest payment date; and
- 3) to pay to Corporate on the maturity date an amount equal to the unpaid balance of the amount of the Agent loan, if any, plus unpaid interest from the date of the advance through the maturity date; and
- 4) if the principal amount due on any principal repayment date is not paid on or before such date, to pay Corporate, as may be provided in the Credit Agreement:
  - a) reasonable expenses of collection, including the reasonable attorney's fees and expenses incurred, if any; plus
  - b) late principal payment charges, if any; plus
  - c) interest after such date through the maturity date on the unpaid balance of such principal amount at the interest rate specified in the confirmation, if any; and
- 5) if the unpaid interest due on any interest payment date or the maturity date is not paid on or before such date, to pay Corporate, as may be provided in the Credit Agreement:
  - a) reasonable expenses of collection, including the reasonable attorney's fees and expenses incurred, if any; plus
  - b) a late interest payment charge, if any; and
- 6) if the amount due on the maturity date is not paid on or before the maturity date, to pay Corporate, as may be provided in the Credit Agreement:

#### **APPENDIX C-4:**

- a) reasonable expenses of collection, including the reasonable attorney's fees and expenses incurred, if any, and a late principal payment charge, if any; plus
- b) interest after the maturity date on the unpaid balance of the overdue principal amount at the rate specified in the confirmation.

**Security Obligation and Collateral.** As security for all repayment obligations to Corporate for Agent loans, the Credit Union has granted a first priority security interest in favor of Corporate in certain property, whenever acquired (Collateral), as described in and in accordance with the Credit Agreements. Credit Union acknowledges and agrees that the value of Collateral for all Agent loans will be at all times at least equal to the collateral amounts as established by the CLF Collateral Margins table outstanding amount of such Agent loans. Corporate will have the right at any time to perfect any security interest granted in the Collateral. As security for all repayment obligations to CLF for Agent loans made to Credit Union, Corporate has granted a security interest in the Collateral in favor of CLF.

**Enforcement.** If Credit Union defaults under any Agent loan and at any time while a default continues, Corporate will have all the rights and remedies provided under the Credit Agreements and the Uniform Commercial Code, including acceleration.

**Credit Reporting Obligation.** Credit Union agrees to file such reports and provide such information as may be required by Corporate or CLF from time to time.