

APPENDIX "A"

DEPOSIT AGREEMENT

THIS AGREEMENT is made and entered into this _ day of _____, , by and between the CITY OF RED BUD, a municipal corporation (hereinafter referred to as "CITY") and _____

_____, a lending and savings institution, (hereinafter referred to as "SAVINGS INSTITUTION").

1. CITY hereby agrees to deposit funds with the undersigned SAVINGS INSTITUTION. The SAVINGS INSTITUTION hereby agrees to accept such funds on the terms and conditions as herein stated.

2. Interest will be paid on each deposit at a rate or rates specifically agreed upon by the parties hereto for such deposit or deposits and if there is no specific agreement on the rate or rates which the SAVINGS INSTITUTION publishes from time to time for its general and regular customers for similar types of accounts, payment of interest on each account will be paid as specifically agreed to and if not specifically agreed to, payment of interest will be paid as the SAVINGS INSTITUTION pays its general customers or similar account or accounts. The period of deposit may be agreed to and if not agreed to, the deposit will be for a period equal to that for a similar type of account at the SAVINGS INSTITUTION.

3. The SAVINGS INSTITUTION agrees that for so long as it is approved for the deposit of CITY funds, it will not discriminate on the basis of race, religion or sex in the employment, conditions of employment and advancement of its personnel, the offering or granting of loans or services, or the terms of loans or services offered or granted.

4. The SAVINGS INSTITUTION agrees that as collateral security for the deposit of CITY funds, it will, prior to receiving any deposits from CITY, pledge United States Government Securities and securities of agencies of the United States of America (hereinafter referred to as "SECURITIES" and as defined in **30 ILCS 235/2(c)**, as amended from time to time) which are acceptable to the CITY with a fair market value and in an amount in excess of the total CITY funds deposited with such SAVINGS INSTITUTION together with the accrued and anticipated interest on all accounts. On the first business day of January and on the first business day of July of each year, the SAVINGS INSTITUTION shall verify, under oath, the amount of SECURITIES which it has pledged for this purpose. The SAVINGS INSTITUTION shall provide, on a continuing basis, original receipts to the CITY of all SECURITIES so pledged. In the event the SAVINGS INSTITUTION ever has funds which exceed deposits with such SAVINGS INSTITUTION, it either will promptly increase the amount of SECURITIES pledged to the CITY as collateral for its funds or will release funds

of the CITY to the CITY immediately with no penalty assessed against the CITY. In the event the SAVINGS INSTITUTION elects to increase the amount of SECURITIES pledged for this purpose, it shall provide receipts of the additional SECURITIES pledged for this purpose.

The SAVINGS INSTITUTION agrees to place all pledged SECURITIES in escrow with an unrelated correspondent bank, the Federal Reserve Bank or the Federal Home Loan Bank. (An unrelated correspondent bank is a correspondent bank which has no equitable interest in or ownership of the SAVINGS INSTITUTION.) The SAVINGS INSTITUTION shall furnish a copy of its current Deposit Agreement with the CITY to the entity or entities which is or are holding the pledged SECURITIES per this paragraph.

In the event an unrelated correspondent bank is utilized by the SAVINGS INSTITUTION, the correspondent bank shall send written verification to the CITY stating that it has no equitable interest in or legal ownership of the SAVINGS INSTITUTION. Such verification shall remain in full force and effect unless revoked in writing by the correspondent bank. Further, if the CITY invokes Paragraph 8 of this Agreement by sending written notice to the SAVINGS INSTITUTION, the verification as required herein shall cease upon transfer of all SECURITIES.

5. The SAVINGS INSTITUTION agrees that the CITY may hold all collateral security heretofore or hereafter pledged to the CITY, all substitutions therefor and all additions thereto, as security for the payment of any funds deposited in the SAVINGS INSTITUTION by the CITY, together with all interest, costs, expenses and attorney fees, and of any other liability from the SAVINGS INSTITUTION to the CITY now due or hereafter to become due.

6. The SAVINGS INSTITUTION agrees that if, in the judgment of the CITY, the SECURITIES pledged shall be insufficient, then the CITY may, at any time and from time to time, call for such security, in addition to that previously pledged, of such kind and value as shall be satisfactory to the CITY.

7. The SAVINGS INSTITUTION agrees that if this bank fails to respond to a call for additional security and in the judgment of the CITY the security or securities pledged by the SAVINGS INSTITUTION, or any part thereof, including any additions thereto, or substitutions thereof, shall have depreciated or become insufficient in value, then the CITY shall have the right at any time and from time to time to declare the entire or any part of the deposit or deposits to become due and payable. In the event that the SAVINGS INSTITUTION shall not, upon such declaration and demand, pay to the CITY the amount demanded, then the CITY may, at any time and from time to time, sell, assign and deliver any and all of the SECURITIES pledged, and all additions thereto, and all substitutions therefore, or any part thereof, at any public or private sale, at the option of the CITY, and without advertising the same, and without any notice to the SAVINGS INSTITUTION, and with the right on the part of the CITY to be a purchaser at any public sale or sales. In the event of any sale or purchase hereunder, no matter by or to whom made, all notice thereof, and any and all equity or right of redemption, whether before or after sale hereunder, is hereby expressly

waived, and the CITY, after deducting all legal and other costs and expenses, including reasonable attorney's fees from the proceeds of such sale or sales, shall apply the remainder on any one or more of said liabilities from the SAVINGS INSTITUTION to the CITY, whether due or not, as the CITY shall deem proper, and the CITY shall return the surplus, if any, to the SAVINGS INSTITUTION. The CITY is further expressly given the right at its discretion to enforce the collection of such SECURITIES, additions thereto, and substitutions therefor, by suit or otherwise, and may surrender, compromise, release, renew, expend or exchange all or any of the same, and in case the proceeds of the sale of such collateral security shall not cover the principal, interest, expense, attorney's fees, and other liabilities from the SAVINGS INSTITUTION, the SAVINGS INSTITUTION hereby agrees to pay to the CITY any deficiency with legal interest, forthwith after such sale.

8. The SAVINGS INSTITUTION agrees unconditionally and irrevocably that any and all SECURITIES and substitutions therefor and additions thereto now or at any time held hereafter pledged by it with the CITY may, without further notice to the SAVINGS INSTITUTION, be held by the CITY in custody of any bank or savings institution as its agent or custodian as it may from time to time designate; that such designated bank or savings institution shall be liable or responsible therefor, or in connection therewith, only to the CITY, and the undersigned SAVINGS INSTITUTION will look solely to the CITY for all claims and adjustments; that this agreement may be introduced by such agent or custodian bank of savings institution as a complete and absolute defense to all claims or demands which may be asserted against such bank or savings institution by the undersigned SAVINGS INSTITUTION for said SECURITIES or substitutions therefor and additions thereto or by reason for any action taken or omitted as to any of such SECURITIES or any order or directions of the CITY.

9. This agreement shall be continuing and binding upon the undersigned SAVINGS INSTITUTION, its successors and assigns and shall inure to the benefit of the CITY and its agent or custodian bank or savings institution and its respective successors and assigns until revoked in writing by either party to this agreement.

10. The SAVINGS INSTITUTION agrees that it will comply with the law in relation to CITY depositories and with all administrative rules prescribed by the CITY. It shall also abide by an act entitled "Investment of Public Funds" per **Chapter 30, Section 235/0.01** and following of the Illinois Compiled Statutes, as amended.

11. The SAVINGS INSTITUTION agrees that all of the foregoing statement and any statements contained in documents executed pursuant to this agreement, both individually and collectively are made to induce the CITY to deposit CITY funds in the SAVINGS INSTITUTION with the knowledge that the CITY will rely on these statements.

12. This agreement is made pursuant to due authorization by the Board of Directors of the SAVINGS INSTITUTION.

IN WITNESS WHEREOF, the parties have signed this agreement the day and year first above written pursuant to authority of the Board of Directors of the SAVINGS INSTITUTION and pursuant to authority granted by the City Council of the City of Red Bud, Illinois.

CITY OF RED BUD,

SAVINGS INSTITUTION

a municipal corporation

BY: _____
Its Mayor

BY: _____
Its Authorized Agent

ATTEST:

ATTEST:

City Clerk

Its Secretary

(Ord. No. 956; 12-06-99)