

**PUBLIC FUNDS GUARANTY POOL
CONTINGENT LIABILITY AGREEMENT**

This Agreement, made as of the _____ day of _____, 20____,
by and between the Treasurer of the State of Mississippi, hereinafter referred to as the
"Treasurer" and _____, hereinafter
referred to as the "Qualified Public Depository", having its principal place of business at
_____, is for the
purpose of setting forth obligations of the Qualified Public Depository as a participant of
the Public Funds Guaranty Pool, as further defined below.

WITNESSETH:

WHEREAS, Mississippi state law requires every Mississippi financial institution receiving public deposits, as defined in Miss. Code Ann. §27-105-5, from the State of Mississippi, or any of its agencies, or any Mississippi county, incorporated municipality or other political subdivisions of the State of Mississippi, or any utility district organized under the laws of Mississippi to secure such deposits by depositing with the State Treasurer certain types of collateral in various amounts depending upon the financial institution's status as a member of the Public Funds Guaranty Pool;

WHEREAS, under Miss. Code Ann. §27-105-6 and the rules promulgated thereunder, a Mississippi financial institution may apply for permission to secure all of its public deposits through the Public Funds Guaranty Pool by depositing an amount of collateral, determined pursuant to §27-105-6 and its rules, in the Public Funds Guaranty Pool;

WHEREAS, the Qualified Public Depository, desiring to secure its public deposits through the Public Funds Guaranty Pool, has applied to and has been accepted into the Pool; and

WHEREAS, §27-105-6 requires any financial institution granted permission to participate in the Pool to execute a Collateral Security Agreement and a Contingent Liability Agreement with the Treasurer which sets forth procedures for the pledge and deposit of collateral, and for the payment of losses caused by default or insolvency of Public Funds Guaranty Pool participants.

NOW, THEREFORE, in consideration of the premises and mutual promises herein contained, the parties have agreed and do hereby enter into this Agreement according to the provisions set out herein:

1. Business Day. The term "Business Day" as used herein shall mean a day on which the Federal Reserve Bank shall be open for the transaction of public business.
2. Notices.
 1. When any written notice, request, demand or other advice is required or may be given hereunder, it shall be deemed sufficient if the party giving such notice, request, demand, or other advice delivers the same to the other party by U.S. mail, postage prepaid, or by other superior mailing, or by hand delivery. Notices, requests, demands or other advice may also be given or made by telefax provided the transmission is verified by the party giving such notice, request, demand or other advise by calling the party to whom such notice is being given at the applicable telephone number listed in Section 2.a(l) below.

- (1) All notices, requests, demands or other advice delivered by mail or by hand shall be deemed to have been given when received by any party hereto at the following addresses:
Qualified Public Depository:

Such office or mailing address as stated on the Notification of Address Form attached hereto.

Treasurer:

Office Address

State Treasurer
ATTN: Bond/Collateral Division
Woolfolk State Office Bldg.
Suite 1101
Jackson, MS
Telephone: (601) 359-3600

Mailing Address

State Treasury Department
P.O. Box 138
Jackson, MS 39205

or to such other addresses of which any party hereto shall have notified the other party hereto in writing.

- (2) All notices, requests, demands or other advice transmitted by telefax shall be deemed to have been given when received by any party hereto via the following telefax numbers:

Qualified Public Depository:

Such telefax number as stated on the Notification of Address Form attached hereto.

Treasurer: Bond Collateral Division
TELEFAX: 601-359-2001

or to such other telefax numbers of which any party hereto shall have notified the other party hereto in writing. For purposes of Paragraph 2.a(2) hereof, the phrase "when received" shall mean when received mechanically by the telefax machine at the receiving location.

2. Concurrent with the execution of this Agreement, each party hereto shall provide the other party hereto with a list identifying the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given hereunder by the party providing such list. Said lists shall be valid until revoked or amended by further written notice. The parties hereto shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

3. Collateral.

1. Required Collateral. The Qualified Public Depository shall secure all public deposits held by the Qualified Public Depository by pledging to the Treasurer eligible collateral, as defined in Miss. Code Ann. §27-105-5, in an amount equal to or in excess of the required collateral as defined in regulations of the Treasurer.

The Treasurer will only accept securities clearly permitted above as collateral. Further, the Treasurer may, in good faith, decline to accept securities as collateral when circumstances require in order to ensure the pledging of sufficient marketable collateral to meet the purposes of this Agreement and the Act. The Qualified Public Depository shall furnish to the Treasurer any supporting documents of newly formed securities as may be requested by the Treasurer.

4. Default of Qualified Public Depository.

1. Upon default, the Qualified Public Depository, pursuant to Miss. Code Ann. §27-105-6, shall be responsible for any loss to the public depositors. Such loss shall be satisfied out of collateral pledged by the Qualified Public Depository to whatever extent possible. Collateral pledged in accordance with this Agreement may be sold on the Treasurer's behalf by the Treasurer or by the trustee custodian or any other person, including a federal agency holding such collateral. Excess proceeds, if any, realized from the sale of collateral will be returned to the Qualified Public Depository or its successor.
2. "Default" may include, but is not limited to:
 - (1) The failure of the Qualified Public Depository to return any public deposit, including earned interest in accordance with the terms of the deposit contract;
 - (2) The failure of the Qualified Public Depository to pay any properly payable check, draft or warrant drawn by the public depositor;
 - (3) The failure of the Qualified Public Depository to honor any valid request for electronic transfer of funds;
 - (4) The failure of the Qualified Public Depository to account for any check, draft, warrant, order, deposit certificate or money entrusted to it;
 - (5) The issuance of any order of any court or the taking of any formal action by any supervisory authority, which has the effect of restraining the Qualified Public Depository from making payments of deposit liabilities;
 - (6) The appointment of a conservator or receiver for the Qualified Public Depository;
 - (7) Failure to provide the required collateral as provided in this Agreement; or
 - (8) Any other action which the Treasurer determines to place public deposits in jeopardy.

5. Contingent Liability and Payment of Losses.

1. Contingent Liability. In consideration of participating in the Public Funds Guaranty Pool, the Qualified Public Depository hereby guarantees public depositors against loss caused by the default or insolvency of any other qualified public depository participating in the Public Funds Guaranty Pool and hereby agrees to collectively share in any such loss according to the procedures set out below.

2. Payment of Losses.

(1) The loss to public depositors shall be satisfied, in so far as possible, first through any applicable deposit insurance and then through the sale of securities pledged by the defaulting depository;

(2) If the loss to public depositors is not covered by such insurance or the proceeds of such sale, the Treasurer shall provide coverage of the remaining loss by assessment against the other qualified public depositories within the Public Funds Guaranty Pool. However, if the sale of securities of the defaulting depository cannot be accomplished within seven (7) Business Days, the Treasurer may proceed with the assessment to the other qualified public depositories. Such assessment shall be determined by multiplying the total amount of the loss to all public depositors by a percentage which represents the average share of public deposits held by the Qualified Public Depository during the previous twelve (12) months divided by the average total public deposits held by all depositories in the Public Funds Guaranty Pool during the same twelve-month period, excluding the public deposits of the defaulting depository;

(3) The Qualified Public Depository shall pay its assessment to the Treasurer within seven (7) Business Days after it receives notice of the assessment. If the Qualified Public Depository fails to pay its assessment when due, the Treasurer shall satisfy the assessment by selling securities pledged by the Qualified Public Depository;

(4) If the qualified public depository in default or its receiver provides the funds to the Treasurer, the Treasurer shall distribute the funds, plus all accrued interest which has accumulated from the investment of the funds, if any, to the

qualified public depositories which paid assessments on the same pro rata basis as the assessments were paid.

3. Definition of Loss. For purposes of this Section, loss includes but is not limited to:

- (1) The principal amount of the public deposit;
- (2) All accrued interest through the date of default;
- (3) Additional interest at the rate the public deposit was earning on the total of Subsections (1) and (2) above through the day of payment by a liquidator or other third party or through the date of sale of eligible collateral by the Treasurer or his agent; and
- (4) Attorney's fees incurred in recovering public deposits.

6. Effect of Merger or Acquisition.

1. In the event the Qualified Public Depository is merged into, acquired by, or consolidated with a bank that is not a qualified public depository, the resulting institution shall become a qualified public depository, and the contingent liability of the Qualified Public Depository shall be a liability of the resulting institution, provided the Qualified Public Depository is not in default. Within thirty (30) calendar days after the effective date of the merger, acquisition or consolidation, the resulting institution shall execute in its own name and deliver to the Treasurer a contingent liability agreement containing the language set forth in Section 5 hereof. If the resulting institution chooses not to remain a qualified public depository, it shall comply with the procedures for withdrawal from the Pool as provided in Section 7(a) and (c) of this Agreement.
2. The Qualified Public Depository shall notify the Treasurer in writing of any acquisition or merger within (3) Business Days after the final approval of the acquisition or merger by its appropriate regulator.
3. Collateral subject to this Agreement may not be released by the Treasurer or any trustee custodian until the assumed liability is evidenced by the deposit of collateral pursuant to a Collateral Security Agreement of the successor entity. The reporting and pledge of collateral requirements will remain in force until the Treasurer determines that the liability no longer exists. The surviving or new

qualified public depository shall be responsible and liable for all of the liabilities and obligations of the Qualified Public Depository.

7. Withdrawal from Pool.

1. Voluntary Withdrawal. The Qualified Public Depository may withdraw from participation in the Public Funds Guaranty Pool by giving written notice to the Treasurer. Notice of withdrawal shall be mailed or delivered in sufficient time to be received by the Treasurer at least one hundred eighty (180) calendar days before the effective date of withdrawal.

2. Mandatory Withdrawal. The Qualified Public Depository shall be required to withdraw from the Public Funds Guaranty Pool as provided in regulations of the State Treasurer. The Treasurer shall notify the Qualified Public Depository of the effective date of the withdrawal not less than thirty (30) calendar days prior to such effective date.

3. Liability After Withdrawal Generally.

(1) The Qualified Public Depository shall be contingently liable for any loss to the Pool occurring, with respect to voluntary withdrawal, during the six month period following the effective date of withdrawal by the Qualified Public Depository, and with respect to mandatory withdrawal, during the twelve month period following the effective date of withdrawal by the Qualified Public Depository.

(2) The Qualified Public Depository shall continue to file monthly, quarterly, and annual reports with the Treasurer during the period in which its contingent liability is in effect.

8. Representations. The Qualified Public Depository represents and warrants to the Treasurer that (1) it is duly authorized to execute and deliver this Agreement, and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (2) the person signing this Agreement on its behalf is duly authorized to do so on its behalf, (3) it has obtained all authorizations of any governmental body required in connection with this Agreement and the transactions hereunder and such authorizations are in full force and effect and (4) the execution, delivery and performance of this Agreement will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. The Qualified Public Depository further represents and warrants (1) that all eligible collateral

pledged to the Treasurer shall be free from any lien or encumbrance, (2) that this Agreement has been approved by its Board of Directors and that the approval is reflected in the minutes of the Board, (3) that this Agreement and all confirmations and other writings relating to this Agreement and any transaction under the Agreement constitute and will constitute an official record of the Qualified Public Depository within the meaning of Section 1823(e) of Title 12 of the United States Code, as amended, and (4) that upon any transfer of collateral hereunder, the Qualified Public Depository will have good and clear title to the collateral transferred and that the collateral will be and will remain free and clear of any and all claims, liens or encumbrances, except the Treasurer's security interest hereunder, and that it will do all such acts and things as the Treasurer may reasonably request, from time to time, to ensure that the Treasurer's security interest in the collateral remains valid and perfected under State law and under the above cited Section 1823(e).

9. Audits. Upon providing reasonable notice to the Qualified Public Depository, the Treasurer, the auditor of the State of Mississippi or their duly appointed representatives shall be entitled to visit the Qualified Public Depository's premises during normal banking hours to examine and conduct audits of all public deposits and records pertaining thereto, and to make reasonable requests for copies of such records.
10. Insurance. The Qualified Public Depository shall have such reasonable contracts of insurance covering the eligible collateral which it holds or shall hold for the Treasurer as are customarily made with respect to property of a similar nature by financial institutions.
11. Assignments. The Qualified Public Depository shall not assign this Agreement or enter into subcontracts for any work described herein without obtaining the prior written approval of the Treasurer.
12. Amendment. This Agreement may be modified only by written amendment executed by all parties hereto.
13. Controlling Document. Notwithstanding the provisions of any individual investment instrument governing any account of the Qualified Public Depository, the provisions of this Agreement shall control. Notwithstanding any provision of this Agreement, the Qualified Public Depository agrees to be bound by the obligations imposed on qualified public depositories by Mississippi statutes and regulations, as they may be amended from time to time throughout the term of this Agreement.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Mississippi without giving effect to the conflict of law principles thereof.
15. Certification. This Agreement shall be accompanied by a resolution of the Qualified Public Depository's Board of Directors and a certified copy of the minutes of the meeting showing the Board's acceptance of the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set their signatures as of the date and year first above mentioned.

TREASURER OF THE STATE OF MISSISSIPPI

BY: _____
Tate Reeves, State Treasurer

Date

THE QUALIFIED PUBLIC DEPOSITORY

(Typed or Printed Name of Financial Institution)

BY: _____
(Signature of Authorized Officer)

Date

(Typed or Printed Name of Officer)