

## FORM OF CORRESPONDENT CREDIT AND PAYMENT AGREEMENT

### 1.0 SCOPE

- 1.1 This Appendix sets forth the agreement (“Correspondent Agreement”) among the Bank, a Borrower, and another depository institution that maintains an Account and is designated by the Borrower as its Correspondent (“Correspondent”) under which the Bank may make an Advance to and obtain repayment from the Borrower through the Correspondent.
- 1.2 For the Borrower to receive an Advance under the Correspondent Agreement, the Borrower and the Correspondent must obtain the prior approval of the Bank and execute a letter of agreement in the form of Exhibit 1 of this Appendix.
- 1.3 The Correspondent Agreement supplements the Lending Agreement and the terms of the Lending Agreement are incorporated herein. Capitalized terms in the Correspondent Agreement have the same meaning as defined in the Circular.
- 1.4 In the event of a conflict between the other provisions of the Lending Agreement and the provisions of the Correspondent Agreement, the provisions of the Correspondent Agreement control. The terms of the Correspondent Agreement shall also prevail over any inconsistent terms in any other account agreement between the Correspondent’s Reserve Bank and the Correspondent regarding the operation of the Correspondent’s Account.

### 2.0 ADVANCE

- 2.1 If the Borrower applies for an Advance, the Borrower authorizes the Correspondent to provide any information requested by the Bank regarding the Borrower’s credit position and any extension of credit made by the Correspondent to the Borrower. The Correspondent shall provide such information promptly.
- 2.2 Any credit entry made to the Correspondent’s Account by the Bank for the benefit of the Borrower constitutes an Advance to the Borrower in accordance with the terms of the Lending Agreement, and such Advance shall be held in trust by the Correspondent for the Borrower and shall not be subject to any lien or right of set-off by the Correspondent.
- 2.3 The Borrower is solely responsible for notifying the Correspondent of any incoming credit to the Correspondent’s Account for an Advance on the day the Advance is requested. The Borrower’s failure to give such notice does not affect the rights and obligations of the Bank and the Correspondent with respect to each other under this Correspondent Agreement.

### **3.0 NOTICE OF DEBIT AND CREDIT**

- 3.1** The Bank shall send to the Borrower and the Correspondent an advice of any credit or debit posted to the Correspondent's Account made pursuant to the Correspondent Agreement by the next Business Day following the credit or debit. The advice to the Correspondent shall be sent to an employee identified by the Correspondent in Exhibit 1. If the Correspondent does not furnish a list of employees to the Bank, or if in the Bank's opinion it is not feasible to direct a notice to a named individual due to the medium used (e.g., a computer-generated notice), then the Bank may give an advice or notice required under this Agreement to any officer of the Correspondent.
- 3.2** Any credit or debit posted to the Correspondent's Account by the Bank under this Correspondent Agreement constitutes authority for the Correspondent, consistent with applicable law, to credit or debit, respectively, the Borrower's account on its books for the amount of the credit or debit.

### **4.0 REPAYMENT**

- 4.1** An Advance Repayment Amount is due in accordance with Paragraph 5.1 of the Credit and Security Terms. This obligation remains notwithstanding nonreceipt of the Advance by the Borrower after the Advance is credited to the Correspondent's Account.
- 4.2** Any funds deposited with the Correspondent by the Borrower for the purpose of repaying an Advance Repayment Amount are held in trust for the Bank and are not subject to any lien or right of set-off by the Correspondent.
- 4.3** Except as otherwise agreed by the Bank in writing, the Borrower and the Correspondent authorize the Bank, or the appropriate Reserve Bank, to debit the Correspondent's Account for the Advance Repayment Amount in full when the Advance Repayment Amount is due. The Borrower shall ensure that sufficient funds are made available to the Correspondent to pay this amount. Unless otherwise agreed, the Borrower shall promptly reimburse the Correspondent for the amount of any debit made to the Correspondent's Account hereunder.
- 4.4** Unless the Correspondent in writing irrevocably waives all rights to contest a debit to its Account to pay the Borrower's Advance Repayment Amount, the repayment is considered provisional and the Bank retains an unimpaired security interest in Collateral Pledged by the Borrower to secure the Advance Repayment Amount until the Correspondent is deemed to have unconditionally approved the debit under Paragraph 5.

### **5.0 CORRESPONDENT'S APPROVAL OF A DEBIT**

- 5.1** If, after making a good faith effort, the Correspondent has not received the full amount of the Advance Repayment Amount from the Borrower, then the Correspondent may instruct the Bank, up until one hour before the Advance Repayment Amount is due, not to debit the Correspondent's Account for the amount that the Correspondent has not received.

- 5.2** In addition, if the date and time an Advance Repayment Amount is due is accelerated pursuant to Paragraph 5.1 of the Credit and Security Terms and becomes immediately payable, and if the Correspondent is not provided with advance notice of said acceleration, then the Correspondent may instruct the Bank to reverse the debit by giving the Bank notice before the close of Fedwire on the day the Advance Repayment Amount becomes immediately payable.
- 5.3** Upon receiving such an instruction, the Bank will not debit the Correspondent's Account for the amount the Correspondent states it has not received from the Borrower, or will reverse the debit, as the case may be. The Bank is not required to inquire into the basis for or validity of any such instruction before acting upon it.
- 5.4** Upon receiving such an instruction from the Correspondent, the Advance Repayment Amount is immediately due and payable and the Bank may exercise any remedies available to it, including any remedies available under the Lending Agreement, to obtain full repayment of the Advance Repayment Amount.
- 5.5** If the Correspondent fails to instruct the Bank not to debit the Correspondent's Account before the Advance Repayment Amount is due as provided in Paragraph 5.1, or to reverse the debit as provided in Paragraph 5.2, the Correspondent is deemed to have unconditionally approved the debit and the Correspondent has no right to refuse or contest the debit.
- 5.6** If the Correspondent receives funds from the Borrower to pay the Advance Repayment Amount after the Correspondent instructed the Bank to not debit the Correspondent's Account, then the Correspondent shall promptly revoke its instruction.

## **6.0 MISCELLANEOUS**

- 6.1** Unless otherwise agreed by the Bank, the time zone of the Bank's head office is used to determine whether any deadline set forth herein has been met.
- 6.2** No delay or failure by the Bank to exercise any right or remedy accruing upon any Event of Default shall impair any right or remedy, waive any default or operate as an acquiescence to the Event of Default, or affect any subsequent default of the same or of a different nature.
- 6.3** The Bank or the Correspondent's Reserve Bank may record telephone communications between it and the Correspondent or the Borrower regarding any debit or credit to the Correspondent's Account made hereunder.
- 6.4** The Correspondent Agreement is binding on the receivers, administrators, successors, assigns and legal representatives of the Borrower and the Correspondent, and inures to the benefit of the Bank and its successors and assigns. The rights and obligations hereunder, however, may not be assigned by the Borrower or the Correspondent without the prior written consent of the Bank.

## **7.0 AMENDMENT**

- 7.1** The Bank, in its sole discretion, may amend this Correspondent Agreement without prior notice at any time. Any amendment applies only to a transaction under this Correspondent Agreement made on or after the effective date of the amendment.

## **8.0 NOTICE**

- 8.1** Unless otherwise specified in the Correspondent Agreement or by the Bank, all notices required under the Correspondent Agreement shall be: (a) sent by first-class mail, postage prepaid; (b) personally delivered; or (c) sent by telecopy, facsimile, or electronic means to a number or electronic address identified in writing by the intended recipient (and, in such case, confirmed by prepaid, first-class mail). If sent by the Bank, the notice must be addressed as indicated to the Bank in writing by the Borrower or the Correspondent. If sent by the Borrower or the Correspondent, the notice must be addressed to the credit function at the Bank's head office.
- 8.2** The Borrower or the Correspondent is deemed to have delivered any notice required hereunder when the notice is received by the credit function at the Bank's head office. The Bank is deemed to have delivered any notice required hereunder when the notice is sent. If the notice is sent by the Bank only via first-class mail, however, the notice is effective three days after it is deposited in any United States postal box.

## **9.0 TERMINATION**

- 9.1** Any party may terminate this Correspondent Agreement by giving written notice to the other parties. The rights and liabilities of the parties under the Correspondent Agreement survive any termination of it until such time as all Advance Repayment Amounts owed by the Borrower hereunder and the Correspondent's obligations to the Bank under this Agreement have been satisfied in full.

## **10.0 GOVERNING LAW**

- 10.1** The Correspondent Agreement, including any Advance or any other transaction entered into pursuant thereto, is governed by Federal law and, to the extent not inconsistent therewith, the law of the State in which the Bank's head office is located, excluding that State's law regarding conflicts of law.

## **11.0 EFFECTIVE DATE/STATUS OF PREVIOUS AGREEMENTS**

- 11.1** The Correspondent Agreement is effective when the Bank receives the letter of agreement in the form of Exhibit 1 to this Appendix. At that time, the Correspondent Agreement supersedes any and all previous agreements, if any, relating to a Reserve Bank making any Advance to and obtaining payment from the Borrower through the Correspondent.