

**PREMIER CERTIFIED LENDERS PROGRAM
SECURITY AGREEMENT**

THIS SECURITY AGREEMENT (the "Agreement") is made this _ day of _____, 20____, by and between _____ *[Exact legal name of Premier CDC as it appears on its articles of incorporation or organization]*, and the U.S. Small Business Administration ("SBA").

1. AGREEMENT:

For value received, Premier CDC hereby grants to SBA a security interest (the "Security Interest") in the collateral described below to secure the payment and performance of the obligations herein specified. Premier CDC also authorizes SBA, without further notice to or consent by Premier CDC, to file any records necessary to perfect, continue, amend, or terminate the Security Interest.

2. OBLIGATION:

The obligation consists of Premier CDC's agreement to reimburse SBA for 10% of any loss (including attorney's fees and litigation costs and expenses) sustained by SBA as a result of a default in the payment of principal or interest on a Debenture issued by Premier CDC under the Premier Certified Lenders Program ("PCLP") (the "Obligation"). The Obligation extends to reimbursement for any loss to SBA on a loan funded by the issuance of such a Debenture.

3. LOAN LOSS RESERVE FUND:

In accordance with the Small Business Investment Act of 1958, 15 U.S.C. § 697e, as amended, and SBA regulations promulgated thereunder, Premier CDC must establish a loss reserve (the Loan Loss Reserve Fund or "LLRF") to provide funds to pay the Obligation. The LLRF shall be comprised of segregated funds in a deposit account or accounts at one or more federally insured depository institutions selected by Premier CDC. The LLRF must total one percent of the original principal amount of the Debentures which Premier CDC issues under the PCLP.

4. COLLATERAL:

The collateral is Premier CDC's LLRF (the "Collateral").

5. PREMIER CDC'S REPRESENTATIONS AND WARRANTIES:

Premier CDC represents and warrants that:

(a) Premier CDC is the legal and beneficial owner of the Collateral;

- (b) The Collateral is not subject to any liens, security interests, claims or encumbrances other than the Security Interest granted to SBA and the rights of a bank permitted under any control agreement entered into by Premier CDC, SBA, and such bank;
- (c) Premier CDC has the power and authority to execute, deliver and perform this Agreement;
- (d) Premier CDC has taken all necessary action to authorize the execution, delivery and performance of this Agreement and has duly executed and delivered this Agreement;
- (e) This Agreement is Premier CDC's valid and legally binding obligation, enforceable against Premier CDC in accordance with its terms;
- (f) The execution, delivery and performance of this Agreement does not and will not violate the terms of any of Premier CDC's governing documents, result in the breach of any of Premier CDC's material agreements or result in the violation of any law, rule, regulation, order, judgment or decree to which Premier CDC or its property is subject;
- (g) This Agreement is effective to create a valid security interest in the Collateral, prior to all security interests, liens or claims of any other persons or entities other than claims of a bank permitted pursuant to a control agreement entered into by Premier CDC, SBA and such bank;
- (h) Premier CDC's exact legal name is set forth at the beginning of this Agreement; [and, if applicable, it is a corporation or limited liability company duly organized and validly existing under the laws of _____].

6. PREMIER CDC'S AGREEMENT AND RIGHTS:

Premier CDC agrees that:

- (a) Premier CDC will cooperate with SBA in obtaining control with respect to the Collateral by executing a control agreement between a bank, the Premier CDC and SBA for each deposit account comprising the Premier CDC's LLRF;
- (b) The only property that will be credited to the Collateral will be funds which are not instruments, and which are (i) eligible for federal deposit insurance, and (ii) segregated from all other funds or property of Premier CDC which do not constitute the LLRF;
- (c) Premier CDC will not instruct the Bank to issue any instruments in connection with the LLRF;

- (d) Premier CDC will immediately notify SBA if the aggregate amount of all Premier CDC's funds on deposit with any bank at which all or part of the LLRF is maintained which are eligible for federal deposit insurance (including certificates of deposit and funds in deposit accounts other than the Collateral) is more than the maximum amount eligible for federal deposit insurance;
- (e) Without SBA's prior written consent, Premier CDC will not attempt to withdraw any funds from the Collateral or give any bank at which all or part of the LLRF is maintained any instructions with respect to the Collateral;
- (f) Without SBA's prior written consent, Premier CDC will not enter into any agreements relating to the Collateral (i) with a bank at which all or part of the LLRF is maintained other than such bank's customer agreement governing deposit accounts, if any, and a Loan Loss Reserve Fund Deposit Account Control Agreement, or (ii) any other person or entity;
- (g) Premier CDC will not create or suffer to exist any security interests, liens, claims or other encumbrances on the Collateral other than those in favor of SBA and the rights of a bank permitted under a control agreement entered into by Premier CDC, SBA and such bank;
- (h) Premier CDC will maintain all Collateral in good condition, and pay promptly all taxes, judgments, or charges of any kind levied or assessed thereon;
- (i) Premier CDC will execute and will pay the filing and recording costs of any records necessary to perfect, continue, amend, or terminate the Security Interest, as demanded by SBA, and Premier CDC ratifies all previous such filings, including financing statements;
- (j) Premier CDC will not change its legal name, change or reorganize the type of organization or form under which it does business or, if a corporation or limited liability company, change its state of organization except upon prior written approval of SBA; if such approval is given, Premier CDC agrees that all records demanded by SBA in connection therewith shall be prepared and filed at Premier CDC's expense before any such change occurs;
- (k) Premier CDC maintains records concerning the Collateral at the following address: _____;
- (l) Premier CDC waives any right it may have to require SBA to defend against or pursue any third party for any obligation or claim arising from this Agreement; and
- (m) Premier CDC will enter into any additional agreements or modifications to this Agreement which SBA deems necessary or desirable to ensure that SBA

has and maintains a valid and perfected first priority security interest in the Collateral.

7. DEFAULT AND SBA'S RIGHT TO PROTECT THE COLLATERAL:

- (a) It shall be considered a default if Premier CDC fails to reimburse SBA for 10% of any loss (including attorney's fees and litigation costs and expenses) sustained by SBA as a result of a default in the payment of principal or interest on any Debenture issued by Premier CDC or any loss to SBA on a loan funded by the issuance of such a Debenture under the PCLP after (i) a determination (including the expiration of any time period for appeal to the SBA Assistant Administrator for Financial Assistance) of the loss sustained by SBA, (ii) demand by SBA to Premier CDC for reimbursement for 10% of such loss, and (iii) the expiration of any time period within which Premier CDC must make such reimbursement.
- (b) SBA also shall have the right to protect the Collateral and the priority of its Security Interest in the Collateral in the event of:
 - (i) the making of any levy, seizure or attachment of or on the Collateral by a party other than SBA; or
 - (ii) the appointment of a receiver for any part of the property of Premier CDC, assignment for the benefit of creditors, or the commencement of any proceedings under any bankruptcy or insolvency laws against Premier CDC, which proceeding is not dismissed within ninety (90) days.

8. RIGHTS OF SBA:

- (a) Upon default or at any time thereafter until such default is cured, and upon the occurrence of any of the events in Paragraph 7(b), SBA shall:
 - (i) have the rights of a secured party pursuant to the Uniform Commercial Code ("UCC");
 - (ii) have the sole right to transfer or withdraw funds from the Collateral by check, withdrawal slip, wire transfer instructions or any other means, without further consent by Premier CDC, in order to apply such funds to pay the Obligation and cure the default, or to protect the Collateral and SBA's Security Interest therein;
 - (iii) hold as additional security any proceeds arising from the Collateral, including but not limited to, any insurance rights;
 - (iv) have the right to issue instructions to the bank under any control agreement entered into by Premier CDC, SBA and such bank,

including instructions to the bank not to follow instructions from Premier CDC with respect to any Collateral maintained at such bank; and

(v) take any other action necessary to enforce its rights under this Agreement.

(b) Before or after default, SBA may waive any of its rights (including rights upon Premier CDC's default) under this Agreement, but such waiver must be in writing and signed by an authorized SBA official.

(c) All rights conferred on SBA hereby are in addition to those granted to it by any state or local law or any other law. SBA's failure or repeated failure to enforce, or waiver of, any rights hereunder shall not impair SBA's rights to exercise such rights accruing prior or subsequent thereto.

9. PAYMENT OF FEES; COSTS AND EXPENSES:

In no event will SBA be liable to a Bank or to Premier CDC for any costs or expenses incurred under this Agreement or in connection with the Collateral.

10. AMENDMENTS AND WAIVERS:

All amendments to this Agreement must be in writing and executed by an authorized official of the Premier CDC and SBA. No waiver of any provision of this Agreement shall be binding against any party unless it is in writing and executed by an authorized official of the party to be charged therewith. Any waiver of any provision of this Agreement shall not impair the exercise of that provision by either party on a future date. This Agreement may not be terminated without the prior written consent of SBA.

11. SEVERABILITY:

Any provision of this Agreement that is prohibited or invalid in any jurisdiction shall be ineffective in that jurisdiction, but such provisions shall have no effect on the validity of the remaining provisions of this Agreement. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. INCONSISTENCIES:

(a) If any provision of this Agreement is inconsistent with any provision in any control agreement made pursuant to this Agreement between a bank, the Premier CDC and SBA, the provision of such control agreement shall govern.

- (b) If any provision of this Agreement is inconsistent with any provision of any other agreement between the Premier CDC and SBA, the provision of this Agreement shall govern.

13. NOTICES:

Any notice, request or other communication required or permitted to be given under this Agreement must be in writing and either (i) delivered in person, or (ii) sent by telecopy or other electronic means with electronic confirmation of error free receipt, or (iii) sent by certified or registered United States mail, return receipt requested, postage prepaid, or (iv) sent by overnight U.S. Express mail or overnight letter (commercial courier), addressed as set forth below. Any such notice, request or other communication shall be deemed effective upon receipt or failure to accept delivery. Any party may change its address for notices in the manner set forth above.

If to Premier CDC, to:

INSERT NAME AND ADDRESS

If to SBA, to:

INSERT NAME AND ADDRESS OF LEAD SBA OFFICE

14. MISCELLANEOUS:

- (a) Unless otherwise specified, definitions in the UCC apply to terms and phrases in this Agreement.
- (b) Binding Effect: This Agreement shall be binding upon and shall inure to the benefit of each party and such party's successors and assigns.
- (c) Governing Law: Except to the extent inconsistent with federal law, in which case federal law will govern, Premier CDC and SBA agree that this Agreement shall be governed by the laws of _____ *[insert jurisdiction where Premier CDC is located]*, including the UCC as adopted by such jurisdiction as such laws may be amended from time to time, and without reference to its conflicts of laws provisions.

15. COUNTERPARTS:

This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument.

16. RULES OF CONSTRUCTION:

- (a) Words in the singular include the plural and in the plural include the singular.
- (b) “Includes” and “including” are not limiting.
- (c) “Or” is disjunctive but not exclusive.
- (d) “All” includes “any” and “any” includes “all.”

*[Instructions: (1) Add signature line(s) for Premier CDC as appropriate under local law.
(2) Attach to this Agreement a valid, certified resolution or other evidence of the authority of the individual signing for Premier CDC.]*

PREMIER CDC

U.S. SMALL BUSINESS
ADMINISTRATION

By: _____
Name:
Title:

By: _____
Name:
Title: