OFFICE OF STATE TREASURER SAFE DIVISION ADMINISTRATIVE CODE

CHAPTER 892-X-1 GENERAL INSTRUCTIONS

TABLE OF CONTENTS

892-X-1-.01	Purpose
892-X-1-.02	Definitions
892-X-1-.03	Designation As A Qualified Public Depository
892-X-1-.04	Collateral Pledging Levels
892-X-1-.05	Maintaining Active Status
892-X-1-.06	Valuation And Rating Of Collateral
892-X-1-.07	Custodians
892-X-1-.08	Requirements Of QPDs
892-X-1-.09	Requirements Of Public Depositors
892-X-1-.10	Exempt Public Deposits
892-X-1-.11	Public Deposit Changes Greater Than 25%
892-X-1-.12	Assessment Calculation
892-X-1-.13	Grounds For Involuntary Withdrawal, Suspension, Or Imposition Of Administrative Penalties
892-X-1-.14	Administrative Penalties - QPD
892-X-1-.15	Involuntary Withdrawal Or Suspension
892-X-1-.16	Voluntary Withdrawal
892-X-1-.17	Effect Of Merger Or Acquisition
892-X-1-.18	Information
892-X-1-.19	Use Of Letters Of Credit As Eligible Collateral
892-X-1-.20	Board Of Directors
892-X-1-A	Appendix A - Forms

892-X-1-.01 Purpose.

These rules establish general instructions for the administration of the Security for Alabama Funds Enhancement, or SAFE Program, which is encompassed in Title 41, Chapter 14A, Code of Ala. 1975, as amended. These rules are approved and adopted by the SAFE Board of Directors and are in compliance with the Alabama Administrative Procedures Act. These rules are not to be considered all inclusive of the actions and/or responsibilities required by a QPD or Custodian under the law nor do they include all statutes. Readers are advised they should read all information contained in the law to obtain a fuller understanding of what is required of them under the SAFE Program

Author: Daria S. Story, SAFE Division, Office of State Treasurer

Statutory Authority: Code of Ala. 1975, §§41-14A-1, et seq., as amended.
History: **New Rule:** Filed March 28, 2001; effective May 2, 2001.
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Amended: Filed October 3, 2011; effective November 7, 2011.

892-X-1-.02 Definitions.

For the purpose of these general instructions, in addition to the other terms as defined in the SAFE Act, the following terms are defined and shall have such meanings given thereto below whether or not such terms appear as capitalized in these general instructions:

(1) "Eligible Collateral" means the types of securities or investment instruments described in Section 41-14-35, Code of Alabama 1975, as amended, designated as eligible collateral for public deposits.

(2) "Collateral Pledging Level" or "Collateral Pledging Requirement" means the percentage of collateral required to be pledged by a QPD as determined in accordance with the SAFE rules.

(3) "Covered Public Entity" means the various governmental units of the state, counties, municipalities, and other public corporations or officials subject to the provisions of the SAFE Program.

(4) "Letters of Credit or "LOC" means irrevocable, unconditional letters of credit issued by a Federal Home Loan Bank to the Treasurer in order to secure the public deposits of any QPD, to the extent permitted in accordance with the provisions of this Chapter.

(5) "Loss Payment Fund" means the funds that shall be dispersed as necessary to pay losses to public depositors and for other purposes.

(6) "Minimum Collateral" means the minimum collateral necessary to collateralize public deposits and to remain active in the SAFE Program.

(7) "Nominating authority" means either the Alabama Bankers Association, the League of Municipalities, or the Association of County Commissions which are authorized under the SAFE law to submit nominations to fill a vacancy on the SAFE Board of Directors

(8) "Public Deposits" means funds of any covered public entity or covered public official deposited in a bank or financial institution, such as time deposit accounts, demand deposit accounts, and certificates of deposit. Funds not defined as public deposits include, but are not limited to, bonds, notes, money market mutual funds, repurchase agreements, and similar instruments.

(9) "Qualified Public Depository" or "QPD" means any bank or financial institution that meets all the requirements of the SAFE Program and has been designated by the Treasurer to receive and hold Public Deposits.

(10) "Recurrence" means an additional occurrence of an infraction within a period of one year from the date of the QPD's or Custodian's written response to the initial infraction.

(11) "Required Collateral" means that Eligible Collateral which is required to be pledged by a QPD (or, in the case of Federal Home Loan Bank Letters of Credit, issued to the Treasurer, as beneficiary) in order to satisfy the QPD's Collateral-Pledging Requirement.

(12) "SAFE Board of Directors" or "SAFE Board" means the Board of Directors of the SAFE program. The Treasurer shall serve as Chairman of the eight-member board responsible for managing the sufficiency of the SAFE Program. Other members include the Superintendent of Banks, a representative of the Association of County Commissions, a representative of the League of Municipalities, and four representatives of the financial industry.

(13) "SAFE Program" means the Security for Alabama Funds Enhancement Program encompassed in Title 41, Chapter 14A, Code of Ala. 1975, as amended, to provide a uniform program for public fund deposits in the state with Qualifying Public Depositories.

(14) "Treasurer" means the State Treasurer of the State of Alabama, or the designee of the State Treasurer.

(15) "Treasurer Designated Custodian" means any bank or financial institution that meets all the requirements of the SAFE Program that has been designated by the Treasurer, and serves as a repository for Pledged Collateral, the proceeds of a draw upon a LOC or the proceeds from the sale of Pledged Collateral.Author: Daria S. Story, Alabama State Treasurer, Office of State Treasurer

Author: Daria S. Story, Alabama State Treasurer, Office of State Treasurer

Statutory Authority: Code of Ala. 1975, §§41-14A-1, et seq., 41-14-35, as amended.

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Amended: Filed August 20, 2008; effective September 24, 2008.

892-X-1-.03 Designation As A Qualified Public Depository.

All public depositors shall place their public deposits with one or more QPDs. To become a QPD, a bank or savings institution must comply with all of the following requirements:

(1) Be organized and existing under the laws of the state of Alabama, any other state of the United States, or the United States.

(2) Be authorized pursuant to the laws of this state or the United States to conduct, and is conducting, the business of making loans and taking deposits in this state.

(3) Have deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. §§1811 et seq.

(4) Execute a Contingent Liability Agreement, Authorized Representative and Signature Certification, Collateral Agreement(s) and other necessary forms prescribed by the SAFE Board.

(5) Submit, with the documents from (4) above, confirmation that minimum required collateral of eligible securities with a market value of either $100,000 or required pledging level (whichever is greater) has been pledged to the State Treasurer.

(6) Have received certification as a QPD from the Treasurer.

Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-2 thru 41-14A-6, 41-14A-8, 41-14A-9, as amended.
History: New Rule: Filed March 28, 2001; effective May 2, 2001.
Amended: Filed September 19, 2002; effective October 24, 2002.
Amended: Filed August 20, 2008; effective September 24, 2008.
Amended: Filed October 3, 2011; effective November 7, 2011.

892-X-1-.04 Collateral Pledging Levels.

(1) The financial condition of each QPD shall be reviewed to determine Collateral Pledging Levels for entry and continued participation in the SAFE Program. The review shall be for the purposes of the SAFE Program only and shall be used exclusively for the Program. The review shall include:

(a) An independent financial condition evaluation from a nationally recognized service, published quarterly. Such financial evaluation may be proprietary and not released as public information;

(b) Other pertinent information relating to the overall financial condition of the QPD.

(2) Each QPD shall pledge to the Treasurer Eligible Collateral equal to or in excess of its Required Collateral. One of the following Collateral Pledging Levels shall be used in determining Required Collateral:

(a) 70 percent of the net average daily ledger balance of public deposits if the QPD maintains an independent financial evaluation of 70 or more.

(b) 80 percent of the net average daily ledger balance of public deposits if the QPD maintains an independent financial evaluation of 40 – 69.

(c) 90 percent of the net average daily ledger balance of public deposits if the QPD maintains an independent financial evaluation of 20 - 39.

(d) 100 percent of the net average daily ledger balance of public deposits if the QPD maintains an independent financial evaluation below 10 - 19.

(e) 115 percent of the net average daily ledger balance of public deposits if the QPD maintains an independent financial elevation below 10.

(f) 150 percent of an established maximum amount of public deposits may be required if a QPD experiences significant financial deterioration or at Board discretion.

(g) 100 percent of the net average daily ledger balance of public deposits in the case of a newly established bank. This pledging level will be updated upon receipt of first financial evaluation.

(h) 5 percentage points will be added to any of the above levels if the QPD exhibits one or both of the following conditions:

1. Net average daily ledger balance of public deposits exceeds Tier 1 capital;

2. Net average monthly ledger balance of public deposits comprises 20% or more of total public deposits held in all QPD's.

(i) A QPD may be required to pledge at a higher level for repeated violations of the SAFE Program provisions and rules upon the discretion of the Board.

(j) Minimum required collateral of $100,000.

(3) If a QPD maintains an independent financial evaluation below 10, the following actions may be deemed appropriate:

(a) Additional monthly reporting, including financial information and a listing of all public deposits;

(b) Collateral safe kept in a Treasurer-Designated Custodian name.

(4) The SAFE Board shall review, monitor, and modify these guidelines as necessary to meet the changing needs of the SAFE Program. The Treasurer shall notify each QPD of any changes as they occur.
Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-5, 41-14A-6, as amended.
History: Filed March 28, 2001; effective May 2, 2001. **Amended:** Filed September 19, 2002; effective October 24, 2002. **Amended:** Filed December 20, 2004; effective January 24, 2005. **Amended:** Filed August 20, 2008; effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011. **Amended:** Filed January 18, 2017; effective March 4, 2017.

Ed. Note: Rule 892-X-1-.04, Eligible Collateral was repealed and Rule 892-X-1-.05 was renumbered to 892-1-.04 as per certification filed September 19, 2002; effective October 24, 2002.

892-X-1-.05 Maintaining Active Status.

(1) A QPD may maintain active status in the SAFE Program without holding public deposits. Active status will allow the depository to have the necessary paperwork in good order to accept public deposits upon request.

(2) All required and completed forms and reporting requirements shall remain in effect.

(3) Minimum collateral maintained shall be $100,000 of eligible collateral.
Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-6, as amended.
History: New Rule: Filed March 28, 2001; effective May 2, 2001. **Amended (only rule number changed):** Filed September 19, 2002; effective October 24, 2002. **Amended:** Filed December 20, 2004; effective January 24, 2005. **Amended:** Filed August 20, 2008;

effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011.

Ed. Note: Rule 892-X-1-.06, was renumbered to Rule 892-X-1-.05 as per certification filed September 19, 2002; effective October 24, 2002.

892-X-1-.06 Valuation And Rating Of Collateral.

(1) The QPD shall value its collateral, other than Letters of Credit and cash proceeds from any draw on a Letter of Credit, and obtain current ratings of its collateral in the following manner:

(a) Use a nationally recognized source.

(b) Use market price, quality ratings, and pay-down factors on or after the 25th calendar day in the reported month and before the 1st calendar day of the following month.

(2) The Treasurer may elect to value pledged collateral, other than Letters of Credit, through a nationally recognized source on or after the 25th calendar day of the month and before the first calendar day of the following month. The Treasurer may recognize the lower of the two prices.

(3) LOC shall be treated as having a market value equal to its face amount for purposes of the SAFE Program. U.S. Dollar-denominated cash collateral representing proceeds from any draw on a LOC shall be valued at the face value thereof.

(4) Collateral unable to obtain a current market value by the pricing service utilized by SAFE is deemed ineligible collateral and must be substituted immediately.

(5) QPD shall provide an annual certification that the Alabama non-rated revenue obligations pledged to SAFE have an average annual debt service coverage of at least two times.
Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-5, 41-14A-6, 41-14-35, as amended.
History: New Rule: Filed March 28, 2001; effective May 2, 2001. **Amended (only rule number changed):** Filed September 19, 2002; effective October 24, 2002. **Amended:** Filed December 20, 2004; effective January 24, 2005. **Amended:** Filed August 20, 2008; effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011.

Ed. Note: Rule 892-X-1-.07, was renumbered to Rule 892-X-1-.06 as per certification filed September 19, 2002; effective October 24, 2002.

892-X-1-.07 Custodians.

(1) Each custodian designated by a QPD ("Custodian") shall be a bank, savings association or trust company that:

(a) Is organized and existing under the laws of the State of Alabama, any other state of the United States, or the United States.

(b) Has executed a Collateral Agreement in the format prescribed by the SAFE Board.

(c) Agrees to be subject to the jurisdiction of the courts of this state, or of courts of the United States which are located within this state, for the purpose of any litigation arising.

(d) Has been approved by the Treasurer to act as a custodian.

(e) Upon request from the Treasurer, provides a confirmation of securities pledged to the Treasurer by each QPD in the format prescribed by the Treasurer.

(f) Agrees to provide financial information to the Treasurer upon request.

(g) Provides immediate notification to SAFE when any pledged mortgage backed security, CMO, or similar security is paid off.

(h) If a trust company, agrees to the following:

1. Provide a notice of good standing from its charter authority;

2. Hold and maintain $1 million in tangible capital;

3. Submit regulatory financial reports on a quarterly basis;

4. Submit its annual SSAE 16, or similar, audit, and the results be acceptable to SAFE;

5. Notify Treasurer of any and all public enforcement actions immediately.

(2) Financial institutions which exercise trust powers may hold collateral (other than Letters of Credit and the proceeds from any draws on any Letters of Credit) as security for deposits situated in that financial institution through its trust division.

(3) The Treasurer may designate one or more custodians a Treasurer-Designated Custodian to perform such functions as the Treasurer shall determine are appropriate and desirable in connection with the administration of the SAFE Program. Each Treasurer-Designated Custodian shall be a bank, savings association or trust company that meets the requirements of a Custodian

(4) A Custodian may be assessed an administrative penalty or disqualified if it does one or more of the following:

(a) Fails to execute a Collateral Agreement

(b) Releases pledged collateral without the Treasurer's approval.

(c) Fails to provide complete confirmations of pledged collateral within 7 business days.

(d) Fails to honor a request for reports, or an examination of funds or securities.

(e) Fails to pay an administrative penalty.

(5) The following administrative penalties may be enforced upon a Custodian in lieu of suspension or involuntary withdrawal:

(a) Notice of SAFE violation

(1) The written notice of SAFE violation will be issued by email or fax to the custodian contact included in the collateral agreement upon the first occurrence of any action listed in (4) above.

(2) The Custodian shall prepare a written response to the notice of SAFE violation that provides a corrective action plan within 30 calendar days of acknowledged receipt of the notice; or provides a statement with substantiating documentation that the infraction has not occurred.

(b) Notice of SAFE Fine

(1) A written notice of SAFE fine shall be issued by email or fax to the custodian contact included in the collateral agreement under the following conditions:

(i) The Recurrence of a previous infraction cited by a notice of SAFE violation;

(ii) No response is received from the Custodian to either the notice of SAFE violation or the notice of SAFE fine;

(iii) The Custodian refuses to correct a violation;

(iv) The violation significantly harms the SAFE Program.

(2) The Custodian shall prepare a written response to the notice of SAFE fine that provides a corrective action plan within 30 calendar days of acknowledged receipt of the notice and includes payment of fine by check; or provides a statement with substantiating documentation that the infraction has not occurred;

(c) Fines to be imposed against a Custodian will be as follows:

(1) The first Recurrence of a violation shall result in a $2,500 fine;

(2) The second Recurrence of a violation or a violation that causes significant harm to the SAFE Program shall be referred to the SAFE Board for review and assessment of penalty or disqualification as allowed by SAFE Law.

Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-2, 41-14A-5, 41-14A-6, 41-14A-7, as amended.
History: **New Rule**: Filed March 28, 2001; effective May 2, 2001. Amended (only rule number changed: Filed September 19, 2002; effective October 24, 2002. **Amended**: Filed January 23, 2004; effective February 27, 2004. **Amended**: Filed December 20, 2004; effective January 24, 2005. **Amended**: Filed August 20, 2008; effective September 24, 2008. **Amended**: Filed October 3, 2011; effective November 7, 2011. **Amended**: Filed January 18, 2017; effective March 4, 2017.

Ed. Note: Rule 892-X-1-.08, was renumbered to Rule 892-X-1-.07 as per certification filed September 19, 2002; effective October 24, 2002.

892-X-1-.08 Requirements Of QPDs.

In addition to other requirements specified by the SAFE Program, each QPD shall:

(1) Administer internal and external audit review for compliance with SAFE Program Rules and statutes to ensure that applicable accounts maintained for public entities and public officials are adequately identified as public deposits on its record by name, address, and federal employer identification number.

(2) Annually, prior to November 1st, provide a report as of the last business day of September to each public depositor that summarizes their deposit account relationship. This report shall be in addition to regular statements and shall include an indication to public depositors the purpose of the report and a listing of accounts designated as public deposits subject to the SAFE Program. The report shall be deemed correct unless the public depositor notifies the depository to the contrary within 60 calendar days of receipt of the statement.

(3) Submit to SAFE via the SAFE WEB internet reporting system a monthly report in the format prescribed by the Treasurer and by the date specified.

(4) Upon request, submit to the Treasurer financial or regulatory reports or public deposit verifications in a manner required by the Treasurer.

(5) Upon request, provide a quarterly listing of the ratings for securities pledged to SAFE from an acceptable third party source in the manner prescribed by the Treasurer.

(6) Permit, during office hours, the Treasurer to inspect, verify, and review all documents, reports, records and all other financial information deemed necessary by the Treasurer to verify compliance with the SAFE Program.

(a) Inform the Treasurer of QPD information that is required by SAFE that is confidential by any law of the United States or of this state.

Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-3, 41-14A-5, 41-14A-6, 41-14A-8, as amended.
History: **New Rule:** Filed March 28, 2001; effective May 2, 2001. **Amended:** Filed September 19, 2002; effective October 24, 2002. **Amended:** January 19, 2006; effective February 23 2006. **Amended:** Filed August 20, 2008; effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011.

Ed. Note: Rule 892-X-1-.09, was renumbered to Rule 892-X-1-.08 as per certification filed September 19, 2002; effective October 24, 2002.

892-X-1-.09 Requirements Of Public Depositors.

In addition to other requirements specified in the SAFE Program, each public depositor shall:

(1) Ensure that their deposits meet the definition of a public deposit and that their deposits are placed in a QPD.

(2) Verify deposit account information as of the last business day of September from each QPD with which the public depositor maintains deposit accounts. Contact the QPD within 60 calendar days of receipt of the statement if the account information provided is incorrect; otherwise, the information will be deemed correct. The public depositor should contact the financial institution if no confirmation is received.

(3) Upon notification of the insolvency or default of a QPD, the public depositor shall:

(a) Submit to the Treasurer a Public Deposits Claim Form and Agreement, as prescribed by the SAFE Board within ninety (90) calendar days after the date of the official notification from the Treasurer.

(b) If requesting partial payment of a claim, provide the Treasurer with written documentation justifying the need for partial payment. A partial payment request may be granted to a public depositor if the loss of funds is deemed critical to the immediate operations of the public entity.

Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-2, 41-14A-3, 41-14A-6, 41-14A-9 thru 41-14A-11, as amended.
History: New Rule: Filed March 28, 2001; effective May 2, 2001. **Amended (only rule number changed):** Filed September 19, 2002; effective October 24, 2002. **Amended:** Filed August 20, 2008; effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011.

Ed. Note: Rule 892-X-1-.10, was renumbered to Rule 892-X-1-.09 as per certification filed September 19, 2002; effective October 24, 2002.

892-X-1-.10 Exempt Public Deposits.

(1) Federal law as well as Alabama law requires Alabama public housing agencies to conduct cash-management operations, including the collateralizing of public deposits, strictly in accordance with HUD regulations.

(2) To the extent that these controlling laws and regulations supersede SAFE Law, public funds deposited by Alabama public housing agencies in QPDs are exempt from reporting and collateralizing requirements under the SAFE Program.

(3) Deposits of HUD monies other than the housing monies referenced above would continue to be subject to the SAFE Program.
Author: Mickey Daughtry, SAFE Division, Office of State Treasurer

Statutory Authority: 42 U.S.C. Section 1437d(a) and 1437h(c); 24 C.F.R. 85.20; Code of Ala. 1975, as amended, §§24-1-27(a)(8), 24-1-66(a)(8), 24-1-109, 24-1-34, 24-1-73, 24-1-113 (2000 Repl. Vol).
History: New Rule: Filed January 23, 2004; effective February 27, 2004. **Amended:** Filed August 20, 2008; effective September 24, 2008.

892-X-1-.11 Public Deposit Changes Greater Than 25%.

(1) 25% Increase in Public Deposits. In accordance with State Law, a QPD may not accept any public deposit during the month that would increase its Net Average Daily Balance of public deposits for that month by 25 percent or more over the net average daily balance of public deposits reported for the previous month unless it first deposits or has on deposit additional required collateral to secure such increase. The QPD must notify SAFE of the pledge of additional collateral prior to the acceptance of such deposit.

(2) 25% Decrease in Public Deposits. QPDs that experience a deposit withdrawal during the month that would decrease their Net Average Daily Deposits by 25% or more may be eligible for release of excess collateral if all of the following are met:

(a) The decrease in net public deposits must be 25% or higher;

(b) The 25% decrease occurred in a period of seven (7) consecutive banking days or less;

(c) A fully completed interim monthly report is submitted.
Author: Mickey Daughtry, SAFE Division, Office of State Treasurer.
Statutory Authority: Code of Ala. 1975, §§41-14A-3, 41-14A-5, 41-14A-6, 41-14A-8, as amended.
History: New Rule: Filed January 19, 2006; effective February 23, 2006. **Amended:** Filed August 20, 2008; effective September 24, 2008.

892-X-1-.12 Assessment Calculation.

When the Treasurer has determined that a default or insolvency has occurred, the loss to public depositors shall be satisfied as governed by Section 41-14A-9, Code of Ala. 1975, as amended. The assessment ratio calculation shall be computed to four decimal places.
Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-6, 41-14A-9, as amended.

History: New Rule: Filed March 28, 2001; effective May 2, 2001. **Amended (only rule number changed):** Filed September 19, 2002; effective October 24, 2002. **Amended (only rule number changed):** Filed January 23, 2004; effective February 27, 2004. **Amended (Rule Number Only):** Filed January 19, 2006; effective February 23, 2006.

Ed. Note: Rule 892-X-1-.11, was renumbered to Rule 892-X-1-.10 as per certification filed September 19, 2002; effective October 24, 2002. Original Rule 892-X-1-.10, Assessment Calculation, was renumbered to Rule 892-X-1-.11, to accommodate a New Rule 892-X-1-.10, Exempt Public Deposits, as per certification filed January 23, 2004; effective February 27, 2004. Rule 892-X-1-.11 was renumbered to Rule 892—X-1-.12 as per certification filed January 19, 2006; effective February 23, 2006.

892-X-1-.13 Grounds For Involuntary Withdrawal, Suspension, Or Imposition Of Administrative Penalties.

Grounds for involuntary withdrawal, or suspension from the SAFE Program or imposition of administrative penalties include one or more of the following:

(1) Violation of any of the provisions of the SAFE Program or any rule adopted by the SAFE Board.

(2) Submission of reports containing inaccurate or incomplete information, or filed past the reporting deadline date.

(3) Failure to pledge Required Collateral at the appropriate pledging level, at the appropriate time (such as prior to accepting deposits, if applicable) or immediately upon notification of under pledged position or ineligible collateral.

(4) Pledging unacceptable collateral.

(5) Releasing or transferring pledged collateral without approval by the Treasurer.

(6) Applying for the amendment or replacement of any Letter of Credit for a decrease without the prior written approval of the Treasurer;

(7) Failure to pay an administrative penalty or an assessment.

(8) Failure to allow inspection and verification of any information that the Treasurer determines necessary to verify compliance with the SAFE Program.

(9) Failure to furnish any agreement, report, form, or other information required to be filed under the SAFE Program, or when requested by the Treasurer.

(10) Failure to execute or have the Custodian execute a Collateral Agreement prior to using the Custodian.

(11) Failure to give notification to the Treasurer of mergers, consolidations, sales of assets, and similar matters.

Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-2, 41-14A-5, 41-14A-6, 41-14A-7, as amended.
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892-X-1-.14 Administrative Penalties - QPD.

The following administrative penalties may be enforced upon a QPD in lieu of suspension or involuntary withdrawal for violation of any action listed in Section 892-X-1-.13:

(1) Notice of SAFE Violation.

(a) The written notice of SAFE Violation will be issued detailing the violation and providing that fines will be incurred if the violation is not corrected, or if it is repeated within one year of QPD's written response;

(b) The QPD shall prepare a written Response to notice of SAFE Violation within 10 banking days that provides a corrective action plan with a timeframe for completion within 30 calendar days; or a statement and substantiating documentation that the infraction has not occurred.

(c) Any occurrences of the same violation by the QPD subsequent to the initial notice but prior to the Resolution Date will not result in additional action by SAFE.

(2) Notice of SAFE Fine.

(a) A notice of SAFE Fine shall be issued under one or more of the following conditions:

1. The Recurrence of a previous infraction cited by a notice of SAFE Violation.

2. No response is received from the QPD to either the notice of SAFE Violation or the notice of SAFE Fine;

3. The QPD refuses to correct a violation;

4. The violation significantly harms the SAFE Program.

(b) The written notice of SAFE Fine shall provide details of the violation and provide the amount of the fine to be incurred by the QPD.

(c) The QPD shall prepare a written response to the notice of SAFE Fine within 10 banking days that provides a corrective action plan with a time frame for completion within 30 calendar days and includes payment by check as stated in the notice, or provides a statement and substantiating documentation that the infraction has not occurred.

(3) The amount of the fine imposed will be determined as follows:

(a) Violations considered Non-Willful will be:

1. The first, second, and third Recurrence; and,

2. Fined in the amount of $250 per violation

(b) Violations considered Willful will be:

1. The QPD has not responded to either the notice of SAFE Violation or the notice of SAFE Fine; or

2. The QPD responds to either notice that it does not intend to correct the violation; or

3. The fourth Recurrence of the same violation; or

4. The violation is of such nature that it would cause significant harm to the SAFE Program; and,

5. Fined in the amount of $2,500 for each violation

Author: Daria S. Story, Assistant State Treasurer, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, as amended, §§41-14A-7, 41-14A-13.
History: New Rule: Filed January 23, 2004; effective February 27, 2004. **Amended:** Filed January 19, 2006; effective February 23, 2006. **Amended:** Filed October 3, 2011; effective November 7, 2011.

Ed. Note: Rule 892-X-1-.13 was renumbered to Rule 892—X-1-.14 as per certification filed January 19, 2006; effective February 23, 2006.

892-X-1-.15 Involuntary Withdrawal Or Suspension.

(1) A QPD may be required to withdraw from the SAFE Program pursuant to Section 892-X-1-.12 "Grounds for Involuntary Withdrawal or Suspension".

(2) An order of withdrawal from the Treasurer shall be mailed to the QPD by registered or certified mail and shall designate the effective date of withdrawal.

(3) Within the time and in the manner specified in the order of withdrawal, the QPD shall provide the Treasurer a written report listing the names, account numbers, account balances and maturity dates, if applicable, of any public depositors.

(4) The Treasurer shall provide prompt notification to each public depositor, identified on the list of public deposits accounts described in paragraph (3) above, of the withdrawal of the depository from the SAFE Program. Any public deposits will cease to be protected after the effective date of withdrawal.

(5) The withdrawing QPD shall provide to the Treasurer, when all public deposit accounts have been closed, a written certification adopted by the Board of Directors that the institution no longer holds any public deposits and will not receive or retain any public deposits until it again becomes a QPD.

(6) Early withdrawal penalties incurred by public depositors shall be the responsibility of the depository.

(7) The procedures for withdrawal shall be as set forth in Chapter 22 of Title 41, as amended, and in the rules of the SAFE Board of Directors adopted pursuant to this section.

(8) The contingent liability of the withdrawing QPD shall remain in effect for a period of twelve (12) months after the certification described in paragraph (5) above has been received by the Treasurer.

(9) The depository may reapply for qualification after one year from the date of the order of withdrawal.

(10) The Treasurer shall, upon request, release pledged collateral after the effective date of withdrawal and the certification described in paragraph (5) above has been received by the Treasurer.

(11) The withdrawing QPD will be listed on the Treasury website as not participating in SAFE.
Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-6 thru 41-14A-8, as amended.
History: New Rule: Filed March 28, 2001; effective May 2, 2001. Amended (only rule title changed): Filed September 19, 2002; effective October 24, 2002. **Amended (only rule number changed):** Filed January 23, 2004; effective February 27, 2004. **Amended (Rule Number Only):** Filed January 19, 2006; effective February 23, 2006. **Amended:** Filed August 20, 2008; effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011.

Ed. Note: Original Rule 892-X-1-.13, Involuntary Withdrawal or Suspension, was renumber to 892-X-1-.14 to accommodate New Rule 892-X-1-.13, Administrative Penalties – QPD as per certification filed January 23, 2004; effective February 27, 2004. Rule 892-X-1-.14 was renumbered to Rule 892—X-1-.15 as per certification filed January 19, 2006; effective February 23, 2006.

892-X-1-.16 Voluntary Withdrawal.

(1) A QPD may voluntarily withdraw from the SAFE program by giving written notice to the Treasurer at least thirty (30) calendar days before the effective date of withdrawal. Written notice shall be by resolution of the withdrawing depository's Board of Directors and shall designate the effective date of withdrawal. A listing of current public depositors will be provided to SAFE.

(2) The contingent liability of the withdrawing QPD shall continue for twelve (12) months after the certification described in paragraph (4) below has been received unless the withdrawal is made within 90 days of an institution acquiring a failed institution.

(3) The withdrawing QPD is responsible for notifying all of its public depositors that it is withdrawing from the SAFE Program.

(4) The withdrawing QPD shall provide to the Treasurer, when all public deposit accounts have been closed, a written certification by the Chairman of the Board, Chief Executive Officer or President that the institution no longer holds any public deposits and will not receive or retain any public deposits until it again becomes a QPD.

(5) Penalties incurred because of early withdrawal shall be the responsibility of the withdrawing QPD.

(6) The Treasurer shall, upon request, release pledged collateral after the effective date of withdrawal and the certification described in paragraph (4) above has been received.

(7) The withdrawing QPD will be listed on the Treasury website as not participating in SAFE.
Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-6, 41-14A-8, as amended.
History: New Rule: Filed March 28, 2001; effective May 2, 2001. **Amended (only rule number changed):** Filed January 23, 2004; effective February 27, 2004. **Amended (Rule Number Only):** Filed January 19, 2006; effective February 23, 2006. **Amended:** Filed August 20, 2008; effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011.

Ed. Note: Original Rule 892-X-1-.14 was renumber to 892-X-1-.15 as per certification filed January 23, 2004; effective February 27, 2004. Rule 892-X-1-.15 was renumbered to Rule 892—X-1-.16 as per certification filed January 19, 2006; effective February 23, 2006.

892-X-1-.17 Effect Of Merger Or Acquisition.

(1) Designation.

(a) When a non-qualified depository acquires, merges, consolidates, or undertakes other similar transactions with a QPD, the resulting institution automatically becomes a QPD for ninety (90) calendar days and assumes the contingent liability, collateral agreement, required collateral, and reporting requirements of the approved QPD.

(b) Should the resulting institution desire to become a QPD, the requirements under Section 892-X-1-.03 "Designation as a QPD" shall be met for participation in the SAFE Program within ninety (90) calendar days.

(c) Should the resulting institution choose not to become a Qualified Public Depository, procedures under Section 892-

X-1-.14 "Voluntary Withdrawal" from the SAFE Program shall be followed.

(2) Pledge Level

(a) A QPD may obtain an exemption from a change in pledging level in the event a merger or acquisition incurs accounting requirements that cause a material misstatement of the QPD's financial ranking for the most recent quarter. This exemption shall be requested in writing addressed to the Treasurer.

(b) An exemption shall be effective for a period of two calendar quarters and require reporting of the QPD's financial condition in addition to the regular monthly report.

Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-6, as amended.
History: New Rule: Filed March 28, 2001; effective May 2, 2001. **Amended:** Filed September 19, 2002; effective October 24, 2002. **Amended (only rule number changed):** Filed January 23, 2004; effective February 27, 2004. **Amended:** Filed December 20, 2004; effective January 24, 2005. **Amended (Rule Number Only):** Filed January 19, 2006; effective February 23, 2006. **Amended:** Filed August 20, 2008; effective September 24, 2008.

Ed. Note: Original Rule 892-X-1-.15 was renumber to 892-X-1-.16 as per certification filed January 23, 2004; effective February 27, 2004. Rule 892-X-1-.16 was renumbered to Rule 892—X-1-.17 as per certification filed January 19, 2006; effective February 23, 2006.

892-X-1-.18 Information.

(1) The Treasurer shall maintain a current listing of QPD's and SAFE forms at its website address www.treasury.alabama.gov, click SAFE.

(2) The total amount of all public deposits reported in the SAFE Program, and the 20% concentration level based on Net Average Public Deposits, shall be available to each QPD in the SAFE report portal.

(3) Any information contained in a report by a QPD required by SAFE, which is confidential by any law of the United States or of this state, shall be considered confidential and not subject to dissemination to anyone other than the State Treasurer, SAFE Board, and SAFE staff.

Author: Daria S. Story, SAFE Division, Office of State Treasurer
Statutory Authority: Code of Ala. 1975, §§41-14A-4, 41-14A-6, as amended.
History: New Rule: Filed March 28, 2001; effective May 2, 2001. **Amended:** Filed September 19, 2002; effective October 24, 2002.

Amended (only rule number changed): Filed January 23, 2004; effective February 27, 2004. **Amended (Rule Number Only):** Filed January 19, 2006; effective February 23, 2006. **Amended:** Filed August 20, 2008; effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011. **Amended:** Filed January 18, 2017; effective March 4, 2017.

Ed. Note: Original Rule 892-X-1-.16 was renumber to 892-X-1-.17 as per certification filed January 23, 2004; effective February 27, 2004. Rule 892-X-1-.17 was renumbered to Rule 892—X-1-.18 as per certification filed January 19, 2006; effective February 23, 2006.

892-X-1-.19 Use Of Letters Of Credit As Eligible Collateral.

(1) The use of LOC by a QPD will be subject to the provisions and requirements of the SAFE Program Act, Rules and any additional requirements, conditions and limitations prescribed by the Treasurer.

(2) Each LOC issued and delivered to the Treasurer shall;

(a) Be irrevocable and unconditional;

(b) Provide that the issuer of the letter of credit shall notify the Treasurer in writing not less than sixty (60) calendar days prior to the final maturity date that the issuer has elected not to extend the expiration date for an additional period;

(c) Permit multiple and partial drawings; and

(d) Shall otherwise be in a standard FHLB form approved by the Treasurer.

(e) The Treasurer may obtain certificates of incumbency from each LOC issuer periodically to verify the signature authority of officers who execute LOC.

(3) Changes in the terms of a current LOC shall be made in the form of an amendment. All amendment decreases to the LOC amount shall be subject to the prior written approval or disapproval of the Treasurer. No amendment decrease shall be effective until written approval by the Treasurer has been obtained. The QPD shall be responsible to make appropriate application to the LOC issuer for any amendment approved by the Treasurer. Amendments will be effective once received from the LOC issuer and attached to the original LOC.

(4) The Treasurer shall have the unconditional right, without further proceedings and without notice of any kind to the QPD or

any other person (other than the LOC issuer) to draw, in whole or in part, and in either single or multiple drafts, on any or all LOC held by the Treasurer at any time prior to the expiration of the LOC if the Treasurer, in his or her discretion, determines that it is necessary to draw on the LOC, including by way of example but not limited to, upon any of the following:

(a) Any Default or Insolvency, as defined in Section 41-14A-2(7) of the Code of Ala. 1975, shall occur with respect to the QPD;

(b) The QPD violates or fails to comply with the QPD's Contingent Liability Agreement, the Collateral Agreement or any other agreement or instrument executed by the QPD in connection with the SAFE Program;

(c) There shall occur any event or circumstance which constitutes grounds for any involuntary withdrawal or suspension of the QPD from the SAFE Program or for the imposition of administrative penalties against the QPD;

(d) The QPD fails to have on deposit with the Treasurer Required Collateral;

(e) The Treasurer receives notification from the LOC issuer that it will not extend the expiration date for an additional term as provided in the initial LOC; or

(f) The QPD fails to provide to the Treasurer, not less than 30 days prior to the final expiration date, (a) an amendment to the existing Letter of Credit extending its expiration date, (b) notification of application for a new LOC or (c) other Eligible Collateral.

(5) No substitution of any LOC for other Eligible Collateral shall be effective until the Treasurer has received the properly executed LOC or approved amendment to an existing LOC. No substitution of any Eligible Collateral for any LOC shall be effective until Custodian has acknowledged to the Treasurer in writing the Custodian's receipt of the substitute collateral.

Author: Daria S. Story, Chief Operating Officer, Office of State Treasurer

Statutory Authority: Code of Ala. 1975, §§41-14A-2, 41-14A-6, 41-14-35 as amended.

History: New Rule: Filed December 20, 2004; effective January 24, 2005. **Amended (Rule Number Only):** Filed January 19, 2006; effective February 23, 2006. **Amended:** Filed August 20, 2008; effective September 24, 2008. **Amended:** Filed October 3, 2011; effective November 7, 2011.

Ed. Note: Rule 892-X-1-.18 was renumbered to Rule 892—X-1-.19 as per certification filed January 19, 2006; effective February 23, 2006.

892-X-1-.20 Board Of Directors.

(1) A representative of an active QPD, a municipality, or county nominated for board appointment shall be a salaried employee of that entity with expertise in the SAFE Program, and the entities' general and financial operations.

(2) With respect to an appointed board member's term of service:

(a) A member's term shall begin at the meeting following his/her appointment. Each member shall remain until his/her term expires, death, resignation, or his/her successor has been appointed.

(b) No board member may serve more than two consecutive four-year terms. Completion of a partial term will not be considered a full term.

(c) Any board member may resign at any time from his/her position with the SAFE Board. Notice of resignation shall be provided in writing to the Treasurer. The resignation shall take effect upon date specified in the written notice.

(d) Any board member leaving employment with his/her represented entity shall simultaneously resign as a member of the SAFE board. Resignation shall be provided in writing to the Treasurer with a copy provided to the Nominating Authority.

(3) Within one month of notification of a board vacancy, the Nominating Authority shall submit, in writing, a minimum of three nominations to the Treasurer

(4) When selecting the board appointee, the Treasurer may consider factors including but not limited to geographic location and asset size of the financial institution, city, or county.
Author: Mickey Daughtry
Statutory Authority: Code of Ala. 1975, §§41-14A-6.
History: New Rule: Filed March 28, 2001; effective May 2, 2001. **Amended:** Filed September 19, 2002; effective October 24, 2002. **Amended (only rule number changed):** Filed January 23, 2004; effective February 27, 2004. **Amended:** Filed December 20, 2004; effective January 24, 2005. **Amended (Rule & Appendix):** Filed January 19, 2006; effective February 23, 2006. **Repealed and New Rule:** Filed August 20, 2008; effective September 24, 2008.

Ed. Note: Original Rule 892-X-1-.17 was renumber to 892-X-1-.18 as per certification filed January 23, 2004; effective February 27, 2004. Original Rule 892—1-.18 was renumbered to 892-X-1-.19 as per certification filed December 20, 2004; effective January 24,

2005. Rule 892-X-1-.19 was renumbered to Rule 892—X-1-.20 as per certification filed January 19, 2006; effective February 23, 2006.

892-X-1-A **Appendix A - Forms.**

STATE OF ALABAMA
OFFICE OF STATE TREASURER
SAFE DIVISION

AUTHORIZED REPRESENTATIVE(S) AND SIGNATURE CERTIFICATION

The undersigned officer/official of _____
(Name of Depository)
hereby certifies that the person(s) named below are duly empowered and authorized by the Board of Directors to represent and act on behalf of this Depository in any and all matters in the SAFE Program, including the completion of required SAFE reports, the issuance of instructions and the authority to enter into agreements/contracts with the State Treasurer concerning all cash and security transactions on behalf of this Depository. Once filed, the Treasurer shall accept **any one** of the following signatures for these purposes until countermanded in writing or superseded by a new certification.

_____	_____
Signature	Signature
_____	_____
Name and Title	Name and Title
_____	_____
Phone and e-mail	Phone and e-mail
_____	_____
Signature	Signature
_____	_____
Name and Title	Name and Title
_____	_____
Phone and e-mail	Phone and e-mail

I, _____, Secretary to the Board of Directors of _____ do hereby affirm that this Certification has been formally approved by the Board of Directors at a meeting held on _____ day of _____, 20____.

(Seal)

_____
Secretary to the Board of Directors

Execution Copy: January 2001
Form ST-S102

Certificate of
Qualified Public Depository

I hereby certify that

_____

has fulfilled the necessary requirements and is designated a qualified public depository under the Security for Alabama Funds Enhancement Act (SAFE), as prescribed in Section 41-14A of the Code of Alabama 1975, as amended. Upon this designation, said financial institution is hereby qualified to receive and hold public funds.

Given under my hand and seal this _____ day of _____.

_____
Kay Ivey
State Treasurer
Chairman, SAFE Board of Directors

Form ST-103

CERTIFICATION OF ADOPTION OF DIRECTORS' RESOLUTION
(For use if the Depository uses FHLB Letters of Credit as Collateral)

At a duly constituted meeting of the Board of Directors of _____, held on _____ day of _____, 20___, the following resolution was adopted:

WHEREAS, _____, a FDIC insured depository institution, desires to be a Qualified Public Depository for Alabama public deposits pursuant to applicable Alabama law (the "SAFE Program"); and

WHEREAS, the SAFE Program applicable Alabama law requires the Depository to execute a Contingent Liability Agreement, Collateral Agreement(s), and an Authorized Representative(s) and Signature Certification in order to meet the requirements of a Qualified Public Depository; and

WHEREAS, the Depository also will execute a Federal Home Loan Bank Letters of Credit Application and Agreement Governing Use (the "LC Application and Agreement") in order to induce the State Treasurer of the State of Alabama to allow the Depository to use Federal Home Loan Bank letters of credit issued for the account of the Depository in connection with satisfying the Depository's collateral-pledging requirement under the SAFE Program.

NOW, THEREFORE, it is hereby

RESOLVED, that the Board of Directors do hereby affirm that the Contingent Liability Agreement, dated _____, all and any Collateral Agreements which this institution may enter into in order to hold public deposits of the state of Alabama under the SAFE Program, the LC Application and Agreement and an Authorized Representative(s) and Signature Certification, have been formally adopted by the Board of Directors.

FURTHER RESOLVED, that the Contingent Liability Agreement, any and all Collateral Agreements, the LC Application and Agreement and the Authorized Representative and Signature Certification, shall be an official record of this Depository.

I, the undersigned, Secretary of _____, do hereby certify that the foregoing is a true, complete and accurate copy of the resolution duly adopted by the Board of Directors at a meeting held on the aforementioned date, at which a quorum of the directors were present; and do further hereby certify that the resolution has not been altered, amended, appealed or rescinded and is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Depository this _____ day of _____, 20____.

(Seal) By: _____
Secretary

STATE OF ALABAMA
OFFICE OF THE STATE TREASURER
SAFE DIVISION

COLLATERAL AGREEMENT

Purpose. The purpose of this Agreement is to secure public deposits pursuant to the Security for Alabama Funds Enhancement Act, Sections 41-14A-1, et seq., Code of Alabama 1975, as amended from time to time (hereinafter the "SAFE Act") and any and all rules and regulations promulgated by the SAFE Board of Directors to implement the SAFE Act, as amended from time to time (hereinafter the "SAFE Rules"); the SAFE Act and the SAFE Rules being referred to hereinafter as the "SAFE Program."

Definitions. Terms used herein shall have the definitions given them in Section 41-14A-2, Code of Alabama 1975, as amended from time to time, and the SAFE Rules.

Parties. The parties (hereinafter "Parties") to this agreement (hereinafter "Agreement") are the State Treasurer (hereinafter "Treasurer"), and _____ of _____, Alabama (hereinafter "Depository"), and _____ of _____ (hereinafter "Custodian").

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

(1) Depository represents that it is authorized to receive or hold Public Deposits pursuant to the SAFE Act.

(2) Custodian represents that it is a bank, savings association, or trust company that meets all legal requirements to be a Custodian and, is organized under Alabama law, or the laws of any other state of the United States, or of the United States, and that it has executed all forms required under the SAFE Program. Custodian hereby agrees to be subject to the jurisdiction of the courts of Alabama, or of the courts of the United States which are located within Alabama, for the purpose of any litigation arising out of the SAFE Program, and represents that it has been approved by the Board to act as a Custodian. Custodian agrees to advise Treasurer of the receipt of Eligible Collateral (hereinafter "Collateral") as directed by Treasurer and will, at the request of Treasurer, segregate Collateral from other securities, if any, held by Custodian for the account of the Depository. Custodian is responsible and liable to Treasurer for any action of its agents used to hold and service Collateral.

(3) (a) Depository from time to time may substitute other Eligible Collateral (hereinafter "Collateral") for existing Collateral (hereinafter "Substitute Collateral") or increase the level of its Collateral deposit, unless prohibited by Treasurer. The Collateral and Substitute Collateral, less Collateral withdrawn with the consent of Treasurer, are hereinafter referred to as the "Pledged Collateral."

(b) A Depository may apply for approval from the Treasurer to use Federal Home Loan Bank Letters of Credit ("FHLB L/Cs") as Eligible Collateral by completing, signing and submitting a Federal Home Loan Bank Letters of Credit Application for Approval and Agreement Governing Use ("LC Application and Agreement"). If approved, the use of FHLB L/Cs as Eligible Collateral by Depository will be subject to all of the provisions, requirements, conditions, limitations and restrictions of the LC Application and Agreement, the SAFE Act and the SAFE Rules, as well as any additional requirements, conditions, limitations and restrictions prescribed by the Treasurer. No substitution of any FHLB L/C for any other Collateral shall be effective unless and until the Treasurer has received the properly executed FHLB L/C or approved amendment to an existing FHLB L/C complying with the requirements of paragraph (7) of Rule 892-X-1-.18, the L/C Application and Agreement and this Agreement. No substitution, in whole or in part, of any Collateral for any FHLB L/C held by the Treasurer shall be effective unless and until the Custodian has acknowledged to the Treasurer in writing the Custodian's receipt of the substitute Collateral and the Treasurer has accepted the substitute Collateral as Eligible Collateral and, as applicable, returned the FHLB L/C to the Federal Home Loan Bank that issued it or accepted in writing the amendment to the FHLB L/C evidencing the corresponding reduction in the face amount of the FHLB L/C.

(c) The Pledged Collateral shall be held for the benefit of the Loss Payment Fund and all Pledged Collateral other than FHLB L/Cs shall be pledged to the State Treasurer.

(4) Depository represents, warrants and covenants that at no time will the market value of the Pledged Collateral be less than the Depository's Required Collateral.

(5) Depository will deliver to Custodian only Eligible Collateral.

(6) Custodian shall have no responsibility to ascertain whether the market value and the amount of Pledged Collateral is equal to or greater than Depository's Required Collateral, nor whether the Pledged Collateral is comprised of Eligible Collateral.

(7) Depository grants to Treasurer a security interest in Pledged Collateral (other than FHLB L/Cs, which will be issued directly to Treasurer). The security interest shall be deemed automatically perfected pursuant to the SAFE Act as of the date of the acceptance of the deposit of Collateral with the Custodian without the necessity of further action. Because FHLB L/Cs are issued to Treasurer as sole beneficiary thereof, the FHLB L/Cs are owned by Treasurer rather than owned by Depository and pledged to Treasurer.

(8) Custodian shall hold Pledged Collateral for the benefit of Treasurer. Any Collateral so held will be described on safekeeping or trust receipts issued by Custodian (hereinafter "Receipts"), copies of which Custodian will forward to Treasurer. Such Receipts shall be deemed a part of this Agreement.

(9) Depository shall not grant Custodian, and Custodian shall not accept, any lien attached to Pledged Collateral in favor of Custodian that is superior or equal to the security interest or other rights of Treasurer.

(10) Depository and Custodian shall be bound by any provisions necessary for Treasurer to have a perfected security interest in all Pledged Collateral (other than FHLB L/Cs) and to recognize Treasurer's rights as sole beneficiary of any FHLB L/Cs used in connection with satisfying Depository's Collateral-Pledging Requirement.

(11) Depository shall agree that Treasurer may, without notice to or consent by Depository, require Custodian to comply with and perform any and all written requests and orders directly from Treasurer. This shall include, but will not be limited to, liquidating all Collateral and submitting the proceeds directly to Treasurer in the name of Treasurer only, transferring all Collateral into an account designated solely by the Treasurer. Custodian shall comply with and perform any and all written requests and orders of the Treasurer.

Except in the case of any FHLB L/Cs and otherwise as necessary for Treasurer to enforce the security interest of the Treasurer, Depository shall not be deemed to have transferred ownership of any Pledged Collateral to Treasurer, but Depository's ownership of the Pledged Collateral shall be subject to a valid and enforceable lien and security interest in favor of the Treasurer. When a sale is made pursuant to the provisions of the SAFE Program and the purchase price paid, title to the securities sold will be transferred to the purchaser, and the purchaser is authorized to have the securities registered in the name of the purchaser or its nominee.

(12) All interest, dividends, other income or principal payments from the Pledged Collateral (other than any FHLB L/Cs) shall be the property of the Depository and shall be payable thereto provided the Custodian has not received written notice from Treasurer to hold such payments for the benefit of Treasurer.

In accordance with the terms of the LC Application and Agreement, FHLB L/Cs, if approved for use by the Treasurer, shall be issued to and held by the Treasurer and proceeds received by or payable to the Treasurer upon any drawing under any FHLB L/Cs, shall be paid, as designated by the Treasurer, to the Treasurer for deposit to the Loss Payment Fund under the SAFE Program or shall be deposited with an independent custodian designated by the Treasurer (the "Treasurer's Designated Custodian") for such purpose.

(13) Depository agrees to provide Treasurer immediate written notification of a pledge of Collateral or a substitution of Collateral.

(14) Custodian shall permit Depository to substitute Collateral held by Custodian if the Depository certifies that the market value of the Substitute Collateral is equal to or greater than the market value of the Collateral to be withdrawn, provided Custodian has not received written notice from Treasurer prohibiting free substitution.

(15) Custodian shall not permit Depository to withdraw or transfer Pledged Collateral without the prior written approval of Treasurer. Withdrawal transactions include maturity or call proceeds.

(16) If Depository withdraws Collateral or Custodian permits withdrawal of Collateral in violation of the Safe Program, the Depository or the Custodian, or both, shall be subject to the penalties provided in section 41-14A-7, Code of Alabama 1975, as amended.

(17) Depository shall deliver to Treasurer a certified Power of Attorney on a form supplied by Treasurer, bond assignment forms as required by the bond agent/trustee, supported by certified copies of resolutions adopted by the Depository's governing body authorizing execution of these documents, for each issue of Pledged Collateral registered in the name or nominee name of Depository.

(18) Custodian agrees to provide, at least quarterly or upon request from Treasurer, written confirmation of Pledged Collateral by each Depository. The confirmation shall be made within fifteen (15) business days of the request in a format approved by the Board and shall require no special identification other than the Depository name and location.

(19) Depository shall be responsible for all costs and expenses necessary to the functioning of the Agreement or associated with confirmation of Pledged Collateral to Treasurer and acknowledges that these costs and expenses shall not be a charge against the SAFE Program or Treasurer.

(20) Depository and Custodian are responsible and liable to Treasurer for any action of agents used to execute collateral transactions, submit reports, or to hold and service Pledged Collateral.

(21) Depository and Custodian agree that any information, forms, or reports electronically submitted to Treasurer pursuant to the SAFE Program shall have the same enforceability as a signed writing.

(22) Treasurer shall have the right to examine the Pledged Collateral at any time during the regular business hours of the Custodian without cost to Treasurer.

(23) The responsibility of Custodian for the safekeeping of the Pledged Collateral shall be limited to the diligence and care usually exercised by a banking or trust institution toward its own property.

(24) Depository represents and warrants to Treasurer that this Agreement has been formally authorized, approved and adopted by its Board of Directors, that it constitutes an official record of the Depository, and that it shall be in continuous effect until rescinded in writing.

(25) Depository shall designate the person(s) who are empowered and authorized to represent and act on behalf of Depository in any and all matters of every kind arising under the Safe Program. The Authorized Representative(s) and Signature Certification is incorporated into this Agreement.

(26) All notices and communications provided for hereunder shall be in writing and addressed as follows:

(1) If to the Treasurer:
SAFE Division
Office of State Treasurer
P.O. Box 302510
Montgomery, AL 36130-2510
Phone: (334) 242-7508 Fax: (334) 353-4354
E-mail: safe@treasury.state.al.us

(2) If to the Depository:
_____
_____
_____
_____

_____
_____
_____

(3) If to the Custodian:

_____
_____
_____
_____
_____
_____
_____

[Remainder of this page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date written below. This Agreement becomes effective when accepted and signed by the Treasurer.

Acknowledged and Agreed to:

DEPOSITORY and Seal _____

_____ _____
Signature of Authorized Officer Signature of Authorized Officer

_____ _____
Printed Name Printed Name

_____ _____
Title Title

Date _____ Date _____

CUSTODIAN and Seal _____

_____ _____
Signature of Authorized Officer Signature of Authorized Officer

_____ _____
Printed Name Printed Name

_____ _____
Title Title

Date _____ Date _____

STATE TREASURER and Seal

_____
Signature of State Treasurer

_____
Printed Name of State Treasurer

Date _____

STATE OF ALABAMA
OFFICE OF STATE TREASURER
SAFE Division

CONTINGENT LIABILITY AGREEMENT

Purpose. The purpose of this agreement is to secure public deposits pursuant to the Security for Alabama Funds Enhancement Act, Sections 41-14A-1, et seq., Code of Alabama 1975, as amended (hereinafter the "SAFE Act") and any and all rules and regulations promulgated by the Board to implement the SAFE Act (the "SAFE Rules"), the SAFE Act and the SAFE Rules being referred to hereinafter as the "SAFE Program."

Definitions. Terms used herein shall have the definitions given them in Section 41-14A-2, Code of Alabama 1975, as amended, and any applicable SAFE Rules.

Parties. The parties (hereinafter "Parties") to this agreement (hereinafter "Agreement") are the State Treasurer (hereinafter "Treasurer"), and _____ of _____, Alabama (hereinafter "Depository").

Depository represents that it is a bank or savings institution organized and existing under the laws of the state of Alabama, any other state of the United States, or the United States. Depository represents that it is authorized pursuant to the laws of this state or the United States to conduct, and is conducting, the business of making loans and taking deposits in this state. Depository represents that it has deposit insurance under the provisions of the Federal Deposit Insurance Act, 12 U.S.C. §§ 1811 et seq.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

(1) Depository guarantees all Public Depositors against loss caused by the default or insolvency of any and all other Qualified Public Depositories of the SAFE Program.

(2) Depository, in case of a Default or Insolvency, agrees to be bound by the procedures for payment of losses on behalf of the Loss Payment Fund and procedures promulgated by the SAFE Board of Directors. Depository also agrees to be bound by and to perform in strict accordance with the terms and provisions of all Collateral Agreements executed by Depository and its designated Custodian (hereinafter the "Collateral Agreement," whether one or more) and, if applicable, the Federal Home Loan Bank Letters of Credit Application For Approval and Agreement Governing Use (the "LC Application and Agreement") executed by Depository in conjunction with the use of Federal Home Loan

Bank letters of credit ("FHLB L/Cs") in connection with the satisfaction of Depository's Collateral-Pledging Requirement.

(3) Depository acknowledges that it is responsible for determining what accounts are Public Deposits, for correctly identifying Public Deposits on its records, and for properly reporting and collateralizing such accounts in compliance with the SAFE Program.

(4) Depository acknowledges that it is responsible at all times for having pledged to the Treasurer (or, in the case of FHLB L/Cs, issued to the Treasurer) the Depository's Required Collateral to secure Public Deposits held and hereby agrees to enter the Collateral Agreement to provide the Treasurer with a perfected security interest in all securities used as collateral and to recognize the Treasurer's rights in and to all funds received by the Treasurer or the Treasurer's designated custodian from drawings on FHLB L/Cs issued for the account of the Depository.

(5) Depository certifies that all collateral used to meet the Depository's Required Collateral (other than FHLB L/Cs, if applicable, which will be issued to the Treasurer as sole beneficiary and therefore will be owned by the Treasurer) will be the property of the Depository free of any and all encumbrances and that the Treasurer shall possess a perfected security interest in such collateral for as long as it may be required.

(6) Depository agrees to comply with all the reporting requirements promulgated by the SAFE Board of Directors.

(7) Depository agrees that under conditions resulting from mergers, consolidations, sales of assets, and similar transactions involving the Depository, this Agreement will succeed and be assumed by the resulting Depository for sixty (60) days until new agreements can be executed, as provided in the SAFE Rules.

(8) The Depository agrees that this Agreement will remain in effect for a period of twelve (12) months following voluntary or involuntary withdrawal from the SAFE Program and then be considered expired.

(9) The Depository agrees that any information or forms submitted by electronic data pursuant to the SAFE Program shall have the same enforceability as a signed writing.

(10) The Treasurer agrees that any information submitted by a Depository under the SAFE Program, if made confidential by any law of the United States or of this state and if the SAFE Board of Directors is notified by the Depository of such confidentiality, shall be considered confidential and exempt

from the provisions of Section 36-12-40, as amended, and not subject to dissemination to anyone other than the SAFE Board of Directors and the Treasurer.

(11) This signed Agreement shall remain in effect until replaced with an updated agreement or until the Depository's contingent liability in the SAFE Program expires.

(12) This Agreement shall be accompanied by a certified resolution of the Depository's Board of Directors (on the appropriate form of Certification of Adoption of Directors' Resolution specified in the SAFE Rules) verifying the Board's authorization, approval and adoption of the terms and conditions of this Agreement, the Collateral Agreement(s) and the LC Application and Agreement, if applicable. This Agreement, the Collateral Agreement and the LC Application and Agreement, if applicable, shall become a part of the official record of the Depository.

(13) This Agreement shall be accompanied by (1) an Authorized Representative(s) and Signature Certification, and (2) Collateral Agreement(s). The Certification and Collateral Agreement(s) shall remain in effect until replaced with updated documents.

(14) The Depository shall provide the Treasurer with certified notice of any changes in organizational structure affecting this agreement.

(15) All notices and communications provided hereunder shall be in writing addressed as follows:

(1) If to the Treasurer:
SAFE Division
Office of State Treasurer
P.O. Box 302510
Montgomery, AL 36130-2510
Phone: (334) 242-7508 Fax: (334) 353-4354
E-mail: safe@treasury.state.al.us

(2) If to the Depository:
_____
_____
_____
_____
_____
_____
_____

In witness whereof, the parties hereto have executed this Agreement under seal as of the date written below. This Agreement becomes effective when approved and signed by the Treasurer.

Acknowledged and Agreed to: Signature Guarantee or Attest by an Authorized Officer:

(Seal) _____
Name of Depository

By: _____ _____
Signature of Authorized Officer

Printed Name:_____ _____

Title:_____ _____

Date: _____ _____

Depository Tax ID:_____

Depository Charter Date: _____

Acknowledged and Agreed to:

(Seal) State Treasurer
State of Alabama

By: _____
Signature of State Treasurer

Printed Name: _____

Date: _____

STATE OF ALABAMA
OFFICE OF STATE TREASURER
SAFE Division

FEDERAL HOME LOAN BANK LETTERS OF CREDIT
APPLICATION FOR APPROVAL AND AGREEMENT GOVERNING USE
SAFE PROGRAM

I. DATE OF AND PARTIES TO THE AGREEMENT

This Agreement is effective_____,_____. The parties to this Agreement are the State Treasurer, State of Alabama (hereinafter referred to as "Treasurer") and the Qualified Public Depository (hereinafter referred to as "QPD").

II. DEFINITIONS

Terms used herein shall have the definitions given therein in Section 41-14A-2, Code of Alabama 1975, as amended from time to time (the "SAFE Act"), and any rules or regulations promulgated by the SAFE Board of Directors, as amended from time to time (the "SAFE Rules").

III. NAME CHANGE INFORMATION

If there are Federal Home Loan Bank letters of credit already issued to the Treasurer under a former QPD member account name that will continue to be used to meet collateral requirements for this QPD pursuant to Section 41-14A-5, Code of Alabama, list the former name:

_____

IV. AGREEMENT PURSUANT TO RULE 892-X-1-.18

As an inducement for the Treasurer to approve the use of FHLB letters of credit in connection with satisfying the QPD's Collateral-Pledging Requirement under the SAFE Program, the QPD represents and warrants to the Treasurer and covenant and agree with the Treasurer as follows:

A. The QPD is a member of the FHLB of (the "FHLB"). The QPD shall arrange for issuance by FHLB and delivery to the Treasurer of one or more letters of credit that meet the requirements of Section 41-14-35, Code of Alabama and Rule 892-X-1 -.18 ("FHLB L/Cs"). The use of FHLB L/Cs to satisfy SAFE collateral requirements and all transactions involving FHLB L/Cs require the Treasurer's prior written approval and shall be subject to all requirements, conditions, limitations and restrictions of the SAFE Act and the SAFE Rules. QPD agrees to comply with all requirements, conditions, limitations and restrictions of the SAFE Act and the SAFE

Rules, relating to FHLB L/Cs and their use to satisfy SAFE collateral requirements, all of which such requirements, conditions, limitations and restrictions are incorporated herein by this reference. QPD may apply for approval of amendments to any FHLB L/C as provided in Rule 892-X-1-. 18. In no event may FHLB L/Cs issued to the Treasurer for the account of the QPD constitute a greater percentage of the total collateral required to be maintained by the QPD under the SAFE Program than the limit (the "LC Pledging Limit") established by the SAFE Rules.

B. Unless earlier executed and delivered by the QPD, this Agreement must be accompanied by the appropriate forms of Collateral Agreement, Contingent Liability Agreement, Authorized Representative(s) and Signature Certification, and Certification(s) of Adoption of Directors' Resolution specified in Rule 892-X-1-.19.

C. The QPD shall be responsible for all costs and expenses in the use, confirmation and amendment of FHLB L/Cs issued to the Treasurer and acknowledges that these costs and expenses shall not be a charge against the Treasurer or the State of Alabama.

D. The QPD agrees that any information, form, or report electronically transmitted to the Treasurer shall have the same enforceability as a signed writing of the QPD.

E. This Agreement shall be authorized, approved or ratified by a certified resolution of the Board of Directors of the QPD verifying the Board's acceptance, approval and authorization of the terms and conditions of this Agreement. This Agreement shall become a part of the official records of the QPD. Contemporaneously with execution of this Agreement, the QPD shall provide to the Treasurer an executed Certification of Adoption of Directors' Resolution pursuant to Rule 892-X-1-.19 to confirm the QPD's compliance with this Section IV.E.

F. The Treasurer shall have the unconditional right, without further proceedings and without notice of any kind to the QPD or any other person (other than the FHLB in accordance with the terms of the FHLB L/C) to draw, in whole or in part, and in either single or multiple drafts, on any or all FHLB L/Cs held by the Treasurer pursuant to this Agreement at any time prior to the expiration of the applicable FHLB L/C if the Treasurer, in his or her discretion, determines that it is necessary to draw on the FHLB L/C.

G. This Agreement shall be governed by the laws of the State of Alabama, exclusive of its conflicts of laws principles.

H. The use, both initial and continuing, of FHLB L/Cs in connection with the satisfaction of the QPD's Collateral-Pledging Requirement under the SAFE Program, either generally

or in the case of a particular QPD, shall remain subject to the discretion of the Treasurer. Accordingly, this Agreement will not be deemed to create any enforceable legal rights of the QPD. In addition, in no event shall FHLB, any Public Depositors, any Qualified Public Depositories or any other person or entity be deemed to be intended or implied third-party beneficiaries of this Agreement.

In witness whereof, the parties hereto have executed this Agreement under seal as of the date written below. This Agreement becomes effective only when approved and signed by the Treasurer.

Acknowledged and Agreed to:

Guarantee or Attest by an Authorized Officer:

(Seal) _____
Name of Depository

By: _____
Signature of Authorized Officer

Title:_____

Date:_____

Depository Tax ID:_____

Depository Charter Date:_____

Acknowledged and Agreed to:

(Seal) State Treasurer State of Alabama

By: _____

Printed Name: _____

Date:_____

STATE OF ALABAMA
OFFICE OF STATE TREASURER
SAFE DIVISION

PUBLIC DEPOSIT CLAIM AND AGREEMENT

Public Depositor Account Information

Name:_____ Tax ID No. _____

Address:_____

Qualified Public Depository (QPD) Information

QPD's Name _____

For protection under the SAFE Program, the depository MUST be a QPD

Account Details:

Account Number	Account Type	Account Name	Principal Amount	Accrued Interest	Total

Total Claimed _____

NOTE: Additional pages may be attached as needed to document accounts.

Documentation of Claim: The following documents are required to be submitted in support of this claim.

A. Proof of Existence as "Public Entity"; i.e., Articles of Incorporation, etc.

B. Proof of Authorization to execute this form; i.e., resolution signed by official

Agreement for Settlement of Claim

The public depositor, by submission of this claim, agrees to the following terms:

(1) The total amount claimed on page one (1) of this form may be reduced and/or adjusted by amount(s) resulting from payment to the claimant under FDIC coverage or other adjustments.

(2) The details and procedures as stated in the SAFE Law at Section 41-14A-1 through 41-14A-14 of the Code of Alabama have been read and are understood.

(3) The Public Depositor accepts complete responsibility for research, if required, to support its assertion that the claim made covers a qualified public deposits and is not exempt from the SAFE law.

(4) Assignment to the Treasurer for the account of the Loss Payment Fund of any interest in funds that become available to the defaulted qualified public depository.

(5) Indemnification of the Treasurer, the SAFE Board of Directors, and the State of Alabama for any claims of other parties, including costs of litigation and attorneys' fees, with respect to the claim.

(6) The attached Proof of Existence and Proof of Authorization documents are true and correct.

I declare that I have read the foregoing Public Deposit Claim Form and Agreement, that the facts stated in it are true, and that I have read and understand all the terms stated therein.

By: _____ Date: _____
Authorized Signature for Public Depositor

Name: _____ Phone: _____

Title: _____ Fax: _____

STATE OF ALABAMA
COUNTY OF _____

Sworn to and subscribed before me this _____ day of _____, 20_____.

(Seal) _____
Signature of Notary Public

My commission expires _____

STATE OF ALABAMA
OFFICE OF STATE TREASURER
SAFE Division
QUALIFIED PUBLIC DEPOSITORY MONTHLY REPORT

REPORTED MONTH and YEAR: _____
Report shall be submitted by the 12th day of each calendar month

Depository Name: _____
City: _____ FEIN: _____

SCHEDULE A: REQUIRED COLLATERAL (rounded to the nearest dollar)

(1) Required Collateral (from Worksheet Section B) $0

(2) Total Market Value of Pledged Collateral from Inventory (For all Custodians with all data as shown in Schedule B below) _____

Over / (Under) Pledged $0

(3) Total Number of Public Entities _____

SCHEDULE B: COLLATERAL INVENTORY BY CUSTODIAN

Attach a collateral inventory for each custodian with the following information per security:

1 Cusip Number
2 Security Description, including interest rate and maturity date
3 Rating
4 Original Par value
5 Current Par value
6 Market Value

SCHEDULE C: CERTIFICATION: I declare that the facts provided on this Public Depository Monthly Report, the attached Worksheet and Pledged Security Inventory are true and correct as of the last business day of the reported month.

Has there been any change to the list of Authorized Representatives? If so, an updated Authorized Representative form must be submitted to SAFE.

Has there been any organization change effecting SAFE such as a merger or name change? If so, a letter of explanation must be submitted to SAFE.

Signature: _____
(Person on Authorized Representative Form)

Phone: _____

Title: _____ Fax: _____

Email:

This report is due in the SAFE Office on the 12th of each month. In the event the 12th falls on the weekend or a holiday the due date will be the next business day. Reports received after the due date will be subject to a Violation Notice for 1st occurrence or Fine of $250 for 2nd occurrence within one year of first occurrence.

Form ST-S200
Revised February 2005

STATE OF ALABAMA
OFFICE OF STATE TREASURER
SAFE Division
QUALIFIED PUBLIC DEPOSITORY INTERIM REPORT

REPORTED MONTH and YEAR:

Depository Name: _____
City: _____ FEIN: _____

A. Projected Average Public Deposit Balances

1 Projected Average Daily Ledger Balance of SAFE Deposits. _____

2 Less Applicable FDIC Deposit Insurance.

3 Projected Net Average Daily Ledger Balance of SAFE Deposits as projected through the end of the current month.....

4 Net Avg Daily Balance from Prior Month's Report. _____
(from line 7 of section A of Worksheet)

5 **% Change in Net Avg Daily Balan**

6 Does this projected balance represent a decrease in the Net Average Daily Balance that occurred in a period of seven (7) banking days or less?

(a) Yes Please state number of days:

(b) No

Net Average X Applicable pledge percentage based on most recent financial evaluation =
(See instructions for table of pledge percentages)

From previous monthly report, was the Net Average more than the Tier I Capital for the bank? If so add 5% to the amount reported on line 7 and enter below as the Projected Required Collateral Value. If not, then bring the amount from line 7 forward to the field below.

Projected Required Collateral Value.

9 Total Market Value of Pledged Collateral from Inventory
(As shown on previous month's report inventory)..... _____

Projected Amount Over / (Under) Pledgedge.....

CERTIFICATION: I declare that the facts provided on this Qualified Public Depository INTERIM Monthly Report and Deposit Balance Projections are true and correct as of the undersigned date..

Signature: _____
(Person on Authorized Representative Form)

Nan _____ Phone:

Titl _____ F

Dat Email:

Form ST-S201
Approved October 2005

REVISED ELIGIBLE SECURITIES LISTING	
1	Direct obligations of the State of Alabama or any other state of the U.S.
2	Obligations of the U.S. Government
3	Obligations that are fully guaranteed as to payment of principal and interest by the U.S.
4	Obligations issued or guaranteed by any agency or instrumentality of the U.S. including without limitation: Government National Mortgage Assoc. Federal Farm Credit Bank Federal Housing Finance Board Federal Home Loan Bank
5	Debt obligations, including, without limitation, participation certificates, of Federal Home Loan Mortgage Corporation or of Federal National Mortgage Assoc.
6	Irrevocable, unconditional, letters of credit issued by any Federal Home Loan Bank Note: subject to approval and compliance with all related requirements, conditions and procedures established by the Board and Treasurer (which have not been established yet)
7	Direct obligations of any agency, political subdivision, or instrumentality of the State of Alabama, including, without limitation, any direct obligation of any county, or municipality, which carries the full faith and credit of the issuing entity.
8	General obligations of any county, municipality, agency, political subdivision, or instrumentality of any of the various other states of the U.S. with a rating of "A2" or better by Moody's or a rating of "A" or better by Standard & Poor's.

PREVIOUS ELIGIBLE SECURITIES LISTING	
1	Direct obligations of the State of Alabama. Any general obligation bonds or securities of any of the various states of the continental U.S. or any of their instrumentalities which have a rating of "A" or better by Moody's.
2	Direct obligations of the U.S. Government
3	Included in #2 and #4
4	Bonds and other securities issued by any agency or instrumentality of the U.S.A.
5	Included in #4
6	Not allowed under original version of the law.
7	Any General Obligation bonds or warrants of any county or any municipality of the State of Alabama.
	Not allowed under original version of the law.

9	Any revenue obligation issued by the State of Alabama or any agency, political subdivision, instrumentality, county, municipality, or district thereof, or by any authority, board, or public corporation of the State of Alabama, or any such agency, political subdivision, instrumentality county, municipality, or district, payable from designated taxes or from revenues or other limited or special sources of funds derived from any public facility or project which either (1) has a current rating or "A2" or better by Moody's or "A" or better by Standard & Poor's or Fitch or (2) has an average annual debt service coverage of at least two times.
10	Mortgage-Backed Securities, Collaterialized-Mortgage Obligations, Asset-Backed Securities (excluding MBSs, CMOs, and ABSs constituting inverse floaters, interest-only strips, principal-only strips or similar leveraged derivative instruments) issued by any public entity or organization, quasi-public entity or organization or private entity or organization, provided that, except in the case of MBS, CMO, and ABS issued by an agency or instrumentality of the U.S. or any federally chartered or sponsored quasi-public entity or organization (including the Federal National Mortgage Assoc. or Federal Home Loan Mortgage Corporation) such securities or obligations shall have a current rating of "Aaa" by Moody's or "AAA" by Standard & Poor's or Fitch.

9	Warrants or securities of any county secured by a pledge of the special road, bridge, and public building tax authorized by Article XI, Section 215 of the Constitution; bonds or warrants of any county or city board of education secured by a pledge of taxes levied under the authority of constitutional amendment 3 or any other constitutional amendment authorizing the levying of special ad valorem taxes for schools or secured by a pledge of county or sales taxes; any gasoline tax anticipation warrants secured by a pledge of gasoline tax revenues derived from the gasoline excise tax levied by the state and distributed to counties under section 40-17-74 or any successor statute; electric, natural gas, sewer and water revenue bonds issued by any municipality of the state of Alabama or any board created by or with the consent of any such municipality; bonds and other securities issued by the Alabama highway finance corporation; bonds and other securities issued by the Alabama public schools corporation; bonds to secure the payment of which any rentals or revenues of the State Docks Department have been pledged prior to January 1, 1948.
10	Mortgage-backed securities acceptable to the State Treasurer.

Author:
Statutory Authority:
History: