

COLLATERAL RECEIPT AND AGREEMENT
IRREVOCABLE LETTER OF CREDIT

This agreement is made by and between Collateral Owner and SURETY.

COLLATERAL OWNER means _____.

SURETY means NGM INSURANCE COMPANY; OLD DOMINION INSURANCE COMPANY; SPRING VALLEY MUTUAL INSURANCE COMPANY; and MAIN STREET AMERICA ASSURANCE COMPANY, and the successors assigns, affiliates, associates and subsidiary companies of any of them.

PRINCIPAL means _____ and any combination of related individuals, firms or corporations, including any of their present or future subsidiary corporations which they may now or hereafter control or be affiliated with, or their successors in interest, whether alone or in joint venture with others not named herein for which SURETY executes bonds or other obligations.

In consideration of and hereby acknowledging a beneficial interest in PRINCIPAL gaining a bond(s), undertaking(s), or other obligation(s) from SURETY, COLLATERAL OWNER herein agrees to provide collateral and be bound by the terms and conditions of this agreement, said collateral for the benefit of SURETY on behalf of the PRINCIPAL.

SURETY acknowledges receipt of the collateral, deposited with SURETY for the benefit of SURETY and its co-sureties, reinsurers, successors and assigns, for good consideration and under the agreements and upon the conditions hereinafter stated.

AGREEMENTS AND CONDITIONS OF DEPOSIT

1. SURETY is authorized, at any time and without notice or legal process, to use said collateral for payment of or reimbursement for losses, costs, or damages, expenses, attorney's fees, premiums or liabilities, as it may elect; and, at its option and in its sole discretion, to sell any of said collateral security at public or private sale to itself or to any other person, or to deposit, invest, convert, cash, exchange, renew or dispose of said collateral security or the proceeds thereof in any manner, in such form and on such terms as it deems proper. The rights given to SURETY under this agreement shall be in addition to, and not in limitation of, any other rights which SURETY may have, including rights under any separate agreements.
2. SURETY is authorized to draw the letter of credit if the SURETY in its sole discretion determines the financial condition of the financial institution is diminished on which financial institution the letter of credit is to be drawn.
3. COLLATERAL OWNER, if the PRINCIPAL, agrees to save SURETY harmless from any loss, costs, expenses or attorney's fees arising from claims to any part thereof by any persons claiming adversely to PRINCIPAL.
4. If the collateral shall become insufficient for SURETY's protection, PRINCIPAL, or Collateral Owner, shall, upon demand, deposit additional collateral security, satisfactory to SURETY, of a value at least equal to the amount of such insufficiency, said insufficiency value as determined by the SURETY in its sole discretion.
5. SURETY shall not be liable for any loss or depreciation of the collateral security or the proceeds thereof, or damages thereto, unless caused by gross negligence of SURETY's officers or employees. *SURETY shall pay no interest on the collateral security*, and assumes no responsibility for the earning of any income thereon.

RETURN OF COLLATERAL

The SURETY shall retain possession of the collateral until such time as the terms of the bonds, undertakings or other obligations have been satisfied, the SURETY is released from all past, present, and future obligations of the bond by the obligee, and the SURETY has no remaining potential liability. The terms of the bond or bonds shall be considered satisfied upon, a full and complete release by the obligee, and the completion of the obligation required of the PRINCIPAL including the expiration of all warranties and maintenance periods, the passing of all statutory or contractual periods allowed for filing a claim and/or suit against the bond or bonds issued, and the expiration of any other miscellaneous issues which may leave the SURETY at risk. The Collateral, if a letter of credit, or the proceeds therefrom, shall be returned to the issuing bank, or otherwise in accordance with the terms and conditions of the letter of credit.

The terms and conditions of this agreement are hereby agreed to and accepted and this agreement is effective on the _____ day of _____, _____.

By: _____ By: _____

Owner of Collateral _____ SURETY _____