



COMMUNITY FINANCIAL INSTITUTIONS BOND

IN CONSIDERATION of the payment of the premium, subject to the DECLARATIONS made a part hereof and subject to all of the other terms and conditions of this bond, the **Company** agrees to indemnify the **Insured** against any loss covered by this bond which is sustained by the **Insured** at any time but discovered during the Bond Period as set forth in or endorsed to Item 2 of the DECLARATIONS, or its earlier cancellation or termination, if any.

COVERAGES

The losses covered by this bond are as follows:

1. EMPLOYEE DISHONESTY

Loss resulting directly from one or more **Dishonest or Fraudulent Acts** of an **Employee**, committed anywhere and whether committed alone or in collusion with others, including loss of **Property** resulting from such acts of an **Employee**, which **Property** is held by the **Insured** for any purpose or in any capacity and whether so held gratuitously or not and whether or not the **Insured** is liable therefor.

2. ON PREMISES

A. Loss of:

- (1) **Property** (occurring with or without negligence or violence) resulting directly from robbery, burglary, holdup, misplacement, mysterious unexplainable disappearance, or damage thereto or destruction thereof; or
- (2) **Property** (occurring with or without negligence or violence) resulting directly from theft, false pretenses, or common-law or statutory larceny, committed by a person
 - (i) present in an office or on the premises of the **Insured**, or
 - (ii) present on the premises in which the **Property** is lodged or deposited; or
- (3) Subscription, conversion, redemption, or deposit privileges resulting from loss of **Property** through any of the perils specified in (1) or (2) hereof,

while the **Property** is (or is believed to be) lodged or deposited within any office or premises located anywhere, except within an office or premises listed in Item 4 of the DECLARATIONS or amendment thereof or in the mail, or with a carrier for hire, other than an armored motor vehicle company for the purpose of transportation.

B. Loss of any item of **Property** in the possession of any customer of the **Insured** or any representative of such customer, whether or not the **Insured** is liable for the loss thereof:

- (1) because of any peril specified in A(1) or A(2) of this Coverage 2 while such **Property** is within any office or premises of the **Insured** to which this bond applies; or
- (2) because of robbery or holdup at any such office or premises while such customer or representative is actually transacting business with the **Insured** at an outside window or other similar facility provided by the **Insured** for that purpose; or
- (3) because of robbery or holdup during the **Insured's** business hours while such customer or representative is in any building or on any driveway, parking lot or similar facility



maintained by the **Insured** in connection with any such office or premises as a convenience for customers or representatives using motor vehicles, if such customer or representative is present in such building or on such facility for the purpose of transacting business with the **Insured**,

provided that such loss, at the option of the **Insured**, is included in the **Insured's** proof of loss; but EXCLUDING loss caused by such customer or any representative of such customer.

C. Loss of or damage to:

- (1) any office or premises of the **Insured** to which this bond applies or to the building in which such office or premises is located caused by robbery, burglary, holdup, common-law or statutory larceny, theft or any attempt thereat, or by vandalism or malicious mischief, or
- (2) any furnishings, fixtures, stationery, supplies or equipment, safes or vaults in such office or premises caused by robbery, burglary, holdup, common-law or statutory larceny, theft or any attempt thereat, or by vandalism or malicious mischief,

provided the **Insured** is the owner of such offices or premises, buildings, furnishings, fixtures, stationery, supplies or equipment, safes or vaults or is legally liable for such loss or damage; but EXCLUDING loss or damage caused by fire whether or not the fire results from the occurrence of any one or more of such perils.

3. IN TRANSIT

A. Loss of **Property** (occurring with or without negligence or violence) resulting directly from robbery, common-law or statutory larceny, theft, holdup, misplacement, mysterious unexplainable disappearance, being lost or otherwise made away with, or damage thereto or destruction thereof, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of **Property**, while the **Property** is in transit anywhere in the custody of

- (1) any natural person acting as a messenger (or another natural person acting as messenger or custodian during an emergency arising from the incapacity of the original messenger), except while in the mail, or
- (2) an armored motor vehicle company,

such transit to begin immediately upon receipt of such **Property** by the transporting entity and to end immediately upon delivery thereof at destination.

B. Loss of non-negotiable instruments from any peril specified in A of this Coverage 3, while being transported in a non-armored vehicle by a carrier for hire.

4. FORGERY

Loss resulting directly from Forgery or alteration of, on or in any check, draft, acceptance, withdrawal order, receipt for the withdrawal of funds or **Property**, certificate of deposit, letter of credit, warrant, money order or order upon a public treasury; and loss:



- (a) resulting directly from the transfer, payment or delivery of any funds or **Property**, the establishment of any credit or the giving of anything of value on the faith of any written instructions or advices, including Tested telefacsimiles, directed to the **Insured** and authorizing or acknowledging such transfer, payment, delivery or receipt of funds or **Property**, which instructions or advices purport to have been signed or endorsed by any customer of the **Insured** or by any other banking or savings and loan institution but which instructions or advices either bear a signature or endorsement which is a Forgery or have been altered without the knowledge and consent of such customer or banking or savings and loan institution (telegraphic, cable or teletype instructions or advices, as aforesaid, exclusive of transmissions of Electronic Funds Transfer Systems, sent by a person other than the **Insured's** customer or the banking or savings and loan institution represented as having sent such instructions or advices shall be deemed to bear a signature which is a Forgery), or
- (b) resulting directly from the payment by the **Insured** of any promissory note which is payable at any office of the **Insured** to which this bond applies, or which is or purports to be a note payable at such office, under instructions of any depositor thereof, and which is actually paid by the **Insured** out of funds on deposit with it, and which is altered or bears a signature or endorsement which is a Forgery.

Any check, draft or negotiable order of withdrawal

- (1) made payable to a fictitious payee and endorsed in the name of such fictitious payee, or
- (2) procured in a face to face transaction with the maker or drawer thereof (or with one acting as agent of such maker or drawer) by anyone impersonating another, and which is made or drawn payable to the one so impersonated and endorsed by anyone other than the one impersonated,

shall be deemed to be forged as to such endorsement.

For purposes of Coverage 4:

- (1) "Forgery" means the signing of the name of another with intent to deceive; "Forgery" does not include the signing of one's own name with or without authority, in any capacity, for any purpose.
- (2) "Electronic Funds Transfer Systems" means
 - (i) electronic communication systems operated by an automated clearing house member of the National Automated Clearing House Association, FedWire, Clearing House Interbank Payment Systems (CHIPS) , or the Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.); or
 - (ii) any private electronic communication system established by the **Insured** with any of its customers or any financial institution.
- (3) "Tested" means a method of authenticating the contents of a communication by either affixing thereto a valid test key which has been exchanged between the **Insured** and a customer or by a call-back procedure.

Mechanically reproduced facsimile signatures shall be deemed to be handwritten signatures.



5. SECURITIES

Loss resulting directly from the **Insured** having in good faith and in the usual course of business, whether for its own account or for the account of others,

- (a) purchased or otherwise acquired, accepted or received, or sold or delivered, or given any value, extended any credit or assumed any liability, on the faith of any Security which:
 - (1) (i) bears a forged signature, or
 - (ii) is fraudulently altered,upon which the **Insured** relied; or
- (2) is lost or stolen; or
- (3) purports to be the authentic original Security but which proves to be a counterfeit of such authentic original Security; or
- (b) guaranteed in writing or witnessed any signature upon or in connection with any document which passes or purports to pass title to any Security;

EXCLUDING, loss through Forgery or alteration of, on or in any item which is specified in Coverage 4, 7 or 8 of this bond, whether or not any Limit of Liability is stated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS as applicable to Coverage 4, 7 or 8 of this bond.

For purposes of Coverage 5:

- (1) "Security" means:
 - (i) any original written instrument having value, which value is, in the ordinary course of business, transferable by delivery of such instrument, together with any necessary endorsement or assignment, or
 - (ii) any original corporate, partnership or personal guarantee,other than any item specified in Coverage 4, 7 or 8 of this bond, whether or not any Limit of Liability is stated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS as applicable to Coverage 4, 7 or 8 of this bond.
- (2) "Forgery" means the signing of the name of another with intent to deceive; "Forgery" does not include the signing of one's own name with or without authority, in any capacity, for any purpose.

Actual physical possession of such Security by the **Insured**, its correspondent bank or other authorized representative is a condition precedent to the **Insured** having purchased or otherwise acquired, accepted or received, or sold or delivered, or given any value, extended any credit or assumed any liability on the faith of such Security.

Mechanically reproduced facsimile signatures shall be deemed to be handwritten signatures.

6. COUNTERFEIT CURRENCY

Loss resulting directly from the receipt by the **Insured**, in good faith, of any counterfeited or altered paper currency or coin issued or purporting to have been issued by any lawful government.



7. UNAUTHORIZED SIGNATURES AND ENDORSEMENTS

Loss resulting directly from the **Insured** having accepted, paid or cashed any check or withdrawal order made or drawn on a customer's account which bears the signature or endorsement of one other than a person whose name and signature is on file with the **Insured** as a signatory on such account. It shall be a condition precedent to the **Insured's** right of recovery under this Coverage 7 that the **Insured** shall have on file signatures of all persons who are signatories on such account.

8. REDEMPTION OF UNITED STATES SAVINGS BONDS AND NOTES

Loss resulting directly from the payment, redemption, guarantee or the witnessing of any signature upon, any United States Savings Bond, United States Savings Note or Armed Forces Leave Bond which shall have been forged, counterfeited, raised or otherwise altered, or lost or stolen, or on which the signature upon the request for payment shall have been forged.

9. LOSS OF RECORDS

- A. Expenses incurred by the **Insured** in reproducing any books of account or other records (other than Electronic or Photographic Records) used by the **Insured** in the conduct of its business which have been damaged, destroyed or lost from any cause, provided such books of account or records are actually reproduced and then only for the cost of materials plus the cost of labor and other expenses incurred by the **Insured** in gathering and assembling available data and the cost of labor and other expenses incurred by the **Insured** for the actual transcription or copying of data which shall have been furnished by the **Insured** in order to reproduce such books or other records.
- B. Expenses incurred by the **Insured** in reproducing Electronic and Photographic Records used by the **Insured** in the conduct of its business which have been damaged, destroyed or lost from any cause, provided such records are actually reproduced and then only for the cost of replacing such records with blank media of the same or similar type plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the **Insured** in order to reproduce such records.

For the purpose of this Coverage 9, "Electronic and Photographic Records" means films, tapes, discs or similar media customarily used by the **Insured** for record keeping in the conduct of its business.

10. AUTOMATED TELLER MACHINES

A. Situated Within An Office Of The **Insured**

Loss to the **Insured** directly involving any Automated Teller Machine situated within an office of the **Insured** which is permanently staffed by an **Employee** whose duties are those usually assigned to a bank teller, even though public access is from outside the confines of such office, because of any peril specified in any Coverage of this bond, whether or not any Limit of Liability is stated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS of this bond as applicable to such Coverage.

B. Not Situated Within An Office Of The **Insured**

Loss to the **Insured** directly involving any Automated Teller Machine other than one described in A above because of any peril specified in any Coverage of this bond, whether or not any Limit of Liability is stated or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS of this bond as applicable to any such Coverage.



THIS COVERAGE 10 SHALL NOT APPLY to loss (including loss of **Property**):

- (a) as a result of mechanical breakdown or failure of any Automated Teller Machine to function properly; or
- (b) through misplacement or mysterious unexplainable disappearance while such **Property** is located within any Automated Teller Machine; or
- (c) as a result of damage to any Automated Teller Machine described in B above resulting from vandalism or malicious mischief; or
- (d) as a result of damage to the portion of a building on any premises to which the public has access where an Automated Teller Machine described in B above is situated or from vandalism or malicious mischief; or
- (e) to any customer of the **Insured** or to any representative of such customer while such person is on any premises where an Automated Teller Machine described in B above is situated; or
- (f) as a result of the use of any credit, debit, charge, access, convenience, identification or other card in gaining access to any Automated Teller Machine whether such card was issued or purportedly issued by the **Insured** or by any other person or organization.

"Automated Teller Machine" for the purposes of this Coverage 10 means any automated teller machine which, on behalf of the **Insured**, disburses money, accepts deposits, cashes checks, drafts or similar written instruments or makes credit card loans.

11. COURT COSTS AND ATTORNEYS' FEES

Sums incurred and paid by the **Insured** as court costs and reasonable attorneys' fees in defending any suit or proceeding brought against the **Insured** to enforce the liability or alleged liability of the **Insured** for any loss, claim or damage which, if established against the **Insured** would constitute a valid and collectible loss under this bond. The liability of the **Company** under this Coverage 11 is limited to the proportion of court costs and reasonable attorneys' fees incurred and paid by the **Insured** or by the **Company** that the amount of such loss, claim or damage which, if established against the **Insured** would constitute a valid and collectible loss under this bond, bears to the total amount of the loss, claim or damage for which the **Insured** is alleged to be liable. Such indemnity shall be a part of and not in addition to the Aggregate Limit of Liability.

If the **Company** pays court costs and reasonable attorneys' fees in excess of its proportionate share of such costs and fees determined as above provided, the **Insured** shall promptly reimburse the **Company** for such excess.

The **Insured** shall promptly give notice to the **Company** of the institution of any suit or proceeding with respect to which this Coverage 11 may apply, and at the **Company's** request shall forward copies of all pleadings and other papers therein. The **Insured** shall give all reasonable assistance and information which the **Company** shall deem necessary to the defense of such suit or proceeding. At the **Company's** election the **Insured** shall permit the **Company**, at its own expense, to associate its own counsel in the defense of such suit or proceeding.

This Coverage 11 is applicable with reference to all Coverages for which a Limit of Liability is stated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS of this bond, except Coverage 9, 12 and 17.



SUPPLEMENTAL AGREEMENTS

1. EMPLOYEE PENSION AND BENEFIT PLANS

With respect to the coverage afforded under Coverage 1 of this bond it is agreed as follows:

- (a) Each natural person who is a director of the **Insured** shall, while engaged in the handling of funds or other property of any Pension, Retirement, Profit Sharing or Welfare Plan or fund established by the **Insured** for the benefit of its employees (hereinafter referred to as the "Plan"), be deemed to be an **Employee** of the **Insured**.
- (b) Each natural person or organization who or which is a trustee, fiduciary, administrator, manager or employee of such Plan (herein called "Fiduciary") shall be deemed to be an **Employee** of the **Insured**. Each such Fiduciary and the partners, officers and employees of such Fiduciary shall, collectively, be deemed to be one **Employee** for all purposes of this bond, except as respects the provisions set forth in the final paragraph of Condition 8.
- (c) The term **Insured** shall include any Pension, Retirement, Profit Sharing or Welfare Plan or fund established by the **Insured** for the benefit of its employees.
- (d) The Deductible Amount stated in the SCHEDULE to Item 3 B of the DECLARATIONS shall not apply to loss sustained by any Employee Welfare Benefit Plan or Employee Pension Plan for which insurance is afforded under Coverage 1 EMPLOYEE DISHONESTY.

2. NOMINEES

Any loss sustained by any nominee organized by the **Insured** for the purpose of conducting any business transactions on behalf of the **Insured** and which is operated exclusively by officers or **Employees** of the **Insured** shall, for all the purposes of this bond and whether or not any partner of such nominee is implicated in such loss, be deemed to be loss sustained by the **Insured**.

3. ADDITIONAL OFFICES OR EMPLOYEES - CONSOLIDATION, MERGER OR PURCHASE OF ASSETS - NOTICE

If the **Insured** shall, while this bond is in force, establish any additional office or offices other than by consolidation or merger with, or purchase the assets of, another institution, then such office or offices shall be automatically covered hereunder from the dates of their establishment, respectively, and without the requirement of notice to the **Company** of an increase during any Bond Period in the number of offices or **Employees** at any of the offices covered hereunder or the payment of additional premium for the remainder of such Bond Period.

If the **Insured** shall, while this bond is in force, merge or consolidate with, or purchase the assets of, another institution, the **Insured** shall not have such coverage as is afforded under this bond for loss which:

- (a) has occurred or will occur in offices or premises; or
- (b) has been caused or will be caused by an employee or employees of an institution; or
- (c) has arisen or will arise out of the assets acquired by the **Insured** as a result of such merger, consolidation or purchase of assets; unless the **Insured** shall:



- (i) cause to be delivered to the **Company** written notice of the proposed merger, consolidation or purchase of assets prior to the proposed effective date of the merger, consolidation or purchase of assets, and
- (ii) obtain the written consent of the **Company** to extend the coverage provided by this bond to such additional offices or premises, employees and other exposures, and
- (iii) pay to the **Company** an additional premium computed pro rata from the date of such consolidation, merger or purchase of assets to the end of the current Bond Period.

4. JOINT INSURED

If two or more **Insureds** are covered under this bond, the first named **Insured** shall act for all **Insureds**. Payment by the **Company** to the first named **Insured** of loss sustained by any **Insured** shall fully release the **Company** on account of such loss. If the first named **Insured** ceases to be covered under this bond, the **Insured** next named shall thereafter be considered as the first named **Insured**. Knowledge possessed or discovery made by any **Insured** shall constitute knowledge or discovery by all **Insureds** for all purposes of this bond. If, prior to the termination of this bond in its entirety, this bond is terminated as to any **Insured**, there shall be no liability for any loss sustained by such **Insured** unless discovered before the time such termination as to such **Insured** becomes effective. The liability of the **Company** for loss or losses sustained by all **Insureds** shall not exceed the amount for which the **Company** would have been liable had all such loss or losses been sustained by one **Insured**.

5. NOTICE OF CHANGE IN CONTROL

If at any time the **Insured** shall obtain knowledge of a transfer of its outstanding voting stock which results in a change in Control of the **Insured**, the **Insured** shall as soon as practicable after obtaining such knowledge give written notice to the **Company** setting forth:

- (1) the names of the transferors and transferees (including the names of beneficial owners of shares registered in another name); and
- (2) the total number of shares owned by the transferors and transferees (including beneficial owners), both immediately before and after the transfer; and
- (3) the total number of shares of voting stock of the **Insured** then outstanding at the time of such transfer.

As used in this Supplemental Agreement 5, "Control" means the power to determine the management or policy of the **Insured** by virtue of voting stock ownership. A change in ownership of voting stock which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of ten percent (10%) or more of the outstanding voting stock of the **Insured** shall be presumed to result in a change in Control for the purpose of giving the **Company** the required notice.

Failure to give the required notice shall result in termination of coverage of this bond, effective upon the date of stock transfer, for any loss in which any transferee is implicated.



EXCLUSIONS

This bond does not cover

- (a) loss resulting directly or indirectly from forgery or alteration, except to the extent that coverage for such loss is afforded under Coverage 1, 4, 5, 7 or 8;
- (b) loss resulting directly or indirectly from war, civil war, insurrection, or the exercise of military, naval or usurped power; provided if loss occurs by reason of insurrection or the exercises of military, naval or usurped power to **Property** while in transit, such loss shall not be excluded from insurance otherwise afforded by this bond if, at the time such transit was initiated, the **Insured** had no knowledge of the existence of such insurrection or the exercise of such military, naval or usurped power;
- (c) loss resulting directly or indirectly from any weapon of war employing nuclear fission or fusion or radioactivity, whether in time of peace or war;
- (d) loss resulting from any act, error or omission of any director of the **Insured**, other than an **Employee** of the **Insured**, except while performing duties usually performed by an **Employee**, or except while acting as a member of any committee duly elected or appointed by resolution of the board of directors of the **Insured** to perform specific duties, other than general duties usually performed by a director, on behalf of the **Insured**;
- (e) loss resulting directly or indirectly from the complete or partial nonpayment of or default upon
 - (1) any loan, or any transaction in the nature of a loan, including repurchase agreements or reverse repurchase agreements, or extensions of credit, whether or not involving the **Insured** as a lender or borrower, or
 - (2) any false or genuine note, account, agreement, invoice or other evidence of debt assigned or sold to, discounted or otherwise acquired by the **Insured**,whether the **Insured's** participation was procured in good faith or through trick, artifice, fraud or false pretense, except to the extent that coverage for such loss is afforded under Coverage 1, 4 or 5;
- (f) loss resulting directly or indirectly from payments made or withdrawals from any depositor's account involving items of deposit which are not finally paid for any reason, including but not limited to forgery or any other fraud, unless such payments or withdrawals are physically received by such depositor or representative of such depositor who is within the office of the **Insured** at the time of such payment or withdrawal, except to the extent that coverage for such loss is afforded under Coverage 1;
- (g) loss of any items of **Property** contained in the safe deposit box of any customer of the **Insured** unless the **Insured** is legally liable for such loss and such loss is covered under Coverage 1;
- (h) loss of **Property** or of privileges through the misplacement or loss of **Property** as described in Coverage 2 or 3, while such **Property** is in the custody of an armored motor vehicle company, except such loss in excess of the amount recovered or received by the **Insured** on account of such loss from such armored motor vehicle company or from any carrier as its insurer and from all other insurance and indemnity available to the **Insured** with respect to such loss;
- (i) loss involving any automated teller machine which, on behalf of the **Insured**, disburses money, accepts deposits, cashes checks, drafts, or similar written instruments, or makes credit card loans except to the extent that coverage for such loss is afforded under Coverage 1 or 10;



- (j) loss resulting directly or indirectly from the use or purported use of any credit, debit, charge, access, convenience, identification or other card
 - (1) in obtaining credit or funds, or
 - (2) in gaining access to any automated teller machine which, on behalf of the **Insured**, disburses money, accepts deposits, cashes checks, drafts or similar written instruments or makes credit card loans, or
 - (3) in gaining access to point of sale terminals, customer-financial institution communication terminals, or similar electronic terminals of electronic funds transfer systems,whether such card was issued or purportedly issued by the **Insured** or by any other person or organization, except to the extent that coverage for such loss is afforded under Coverage 1;
- (k) loss through the surrender of **Property** away from an office or premises of the **Insured** as a result of a threat
 - (1) to do bodily harm to any person, except loss of **Property** in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the **Insured** of any such threat, or
 - (2) to do damage to the premises or **Property** of the **Insured**,except when covered under Coverage 1;
- (l) loss resulting directly or indirectly from payments made or withdrawals from a depositor's account involving erroneous credits to such account, unless such payments or withdrawals are physically received by such depositor or representative of such depositor who is within the office or premises of the **Insured** at the time of such payment or withdrawal, except to the extent that coverage for such loss is afforded under Coverage 1;
- (m) loss resulting directly or indirectly from trading, with or without the knowledge of the **Insured**, whether or not represented by any indebtedness or balance shown to be due the **Insured** on any customer's account, actual or fictitious, and notwithstanding any act or omission on the part of any **Employee** in connection with any account relating to such trading, indebtedness or balance, except to the extent that coverage for such loss is afforded under Coverage 4 or 5;
- (n) loss resulting directly or indirectly from counterfeiting, except to the extent that coverage for such loss is afforded under Coverage 1, 5, 6 or 8;
- (o) potential income, including, but not limited to interest and dividends not realized by the **Insured**;
- (p) damages of any type for which the **Insured** is legally liable, except compensatory damages, but not multiples thereof, arising out of any loss covered under this bond;
- (q) costs, fees and other expenses incurred by the **Insured** in establishing the existence or amount of any loss covered under this bond;



- (r) loss due to or arising from
 - (1) liability imposed by Title IV, Sub-Title D of the Employee Retirement Income Security Act of 1974 P.L. 93-406 (as amended), or
 - (2) fines, penalties or excise taxes imposed as a result of any violation or breach of any provision of said Act;
- (s) loss of, or damage to, or destruction of, books of account or other records used by the **Insured** in the conduct of its business, or Electronic or Photographic Records (as defined in Coverage 9), from any cause, except to the extent that coverage for such loss is afforded under Coverage 9;
- (t) loss caused by an **Employee**, except to the extent that coverage for such loss is afforded under Coverage 1, or when covered under Coverage 2 or 3 and resulting directly from misplacement, mysterious unexplainable disappearance or damage to or destruction of **Property**;
- (u) loss or damages of any kind or nature resulting directly or indirectly from, or arising out of, any violation by the **Insured** or any **Employee** of the Racketeer Influenced and Corrupt Organizations Act, 18 United States Code Sec. 1961, et seq., as amended, except to the extent that coverage for compensatory damages, but not including punitive, exemplary or the multiple portion of any multiple damage award, would be afforded under Coverage 1 of this bond in the absence of such Act.



DEFINITIONS

As used in this bond (including endorsements forming a part hereof):

1. **"EMPLOYEE"** means:
 - (a) any officer or other employee of the **Insured** while employed in, at, or by any of the **Insured's** offices or premises to which this bond applies, and any attorney appointed or retained by the **Insured** to perform legal services for the **Insured** while performing such services and any employee of such attorney while such attorney or any employee of such attorney is performing such services, and any student pursuing his studies or performing duties for the benefit of the **Insured** at or from any of the **Insured's** offices or premises to which this bond applies, and any person provided to the **Insured** by an employment contractor to perform the duties of an employee for the **Insured**, including but not limited to offices or premises, maintenance or security guard duties, on a contingent or part-time basis at or from any of the **Insured's** offices or premises to which this bond applies;
 - (b) any natural person (sometimes known as conveyancer) duly elected or appointed by the **Insured** to draw deeds of conveyances of lands, to investigate titles of real property or otherwise to assist the **Insured** in the making (as distinguished from the servicing or collection) of mortgage loans, while performing such services;
 - (c) any natural person duly elected or appointed by the **Insured** to collect rents for the account of the **Insured** while collecting or having possession of such rents;
 - (d) any employee of any institution merged or consolidated with the **Insured** prior to the effective date of this bond;
 - (e) any natural person while on leave of absence exercising signature authority on behalf of the **Insured** if such authority has not been effectively rescinded; and
 - (f) any natural person and any organization authorized by the **Insured** to perform services for the **Insured** as electronic data processor of checks or negotiable orders of withdrawal or other accounting records of the **Insured** (herein called "Processor") while performing such services. Each such Processor and the partners, officers and employees of such Processor shall, collectively, be deemed to be one **Employee** for all purposes of this bond, except as respects the provisions set forth in the final paragraph of Condition 8. A Federal Reserve Bank or clearing house, and customers of the **Insured**, shall not be deemed to be Processors.
2. **"PROPERTY"** means money, currency, coin, bank notes, Federal Reserve Notes, bullion, precious metals of all kinds and in whatsoever form and any articles made therefrom, jewelry, gems, precious and semi-precious stones, securities, evidences of debts, debentures, scrip, certificates, passbooks held as collateral, income shares, prepaid shares, full paid shares, matured shares, receipts, warrants, rights, transfers, coupons, bills of exchange, notes, checks, drafts, acceptances, withdrawal orders, deposit tickets, money orders, letters of credit, bills of lading and warehouse receipts, revenue and other stamps, tokens, unsold state lottery tickets, abstracts of title, insurance policies, deeds, mortgages, security agreements and all other negotiable and nonnegotiable instruments or contracts representing interests in money or real or personal property and assignments of such policies, mortgages and instruments, valuable papers, and all other instruments similar to or in the nature of the foregoing and tangible items of personal property which are not hereinbefore enumerated, in which the **Insured** has any interest or the custody of which the **Insured** has undertaken in any capacity or for any purpose either gratuitously or otherwise and whether legally liable therefor or not.



3. "DISHONEST OR FRAUDULENT ACTS" means only acts committed by an **Employee** with the manifest intent:
- (a) to cause the **Insured** to sustain a loss, and
 - (b) to obtain financial benefit for the **Employee**, or for any other person or organization intended by the **Employee** to receive such benefit, other than salaries, commission, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment.

CONDITIONS

1. DISCOVERY

Discovery occurs when the **Insured** first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this bond has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when the **Insured** receives notice of an actual or potential claim in which it is alleged that the **Insured** is liable to a third party under circumstances which, if true, would constitute a loss under this bond.

2. NOTICE - PROOF - LEGAL PROCEEDINGS

- A. As soon as practicable after discovery by the **Insured**, or by the Office of Thrift Supervision if the **Insured** is either a federal savings and loan association or a state chartered savings and loan association insured by the Federal Deposit Insurance Corporation or Savings Association Insurance Fund but not subject to state supervisory authority, of any loss covered under this bond, the **Insured** or said Office of Thrift Supervision shall give the **Company** notice thereof.
- B. Within six (6) months after such discovery, the **Insured** shall furnish to the **Company** affirmative proof of loss, duly sworn to, with full particulars.
- C. Lost securities listed in a proof of loss shall be identified by certificate or bond numbers if the securities were issued bearing such numbers.
- D. Legal proceedings for the recovery of any loss hereunder shall not be commenced prior to the expiration of sixty (60) days after the original proof of loss is filed with the **Company** nor after the expiration of twenty-four (24) months from the discovery of such loss, except that any action or proceeding to recover hereunder on account of any judgment against the **Insured** in any action or proceeding described in Coverage 11, shall be commenced within twenty-four (24) months from the date upon which the judgment in any such action or proceeding shall have become final.
- E. If any limitation embodied in this bond is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.
- F. This bond affords coverage only in favor of the **Insured** and is for the sole use and benefit of the **Insured**. The **Company** shall not be liable hereunder for loss sustained by any person or organization other than the **Insured** unless the **Insured**, in its sole discretion and at its option, shall include such loss in the **Insured's** proof of loss. No action or proceeding shall be brought hereunder by anyone other than the **Insured**.



3. VALUATION

Securities

The **Company** shall at the option of the **Insured** settle in kind its liability to the **Insured** under this bond on account of a loss of any security or shall pay to the **Insured** the cost of replacing such security, determined by the market value thereof at the time of such settlement. In case of a loss of subscription, conversion, redemption or deposit privileges incident to any lost security, the amount of such loss shall be the value of such privileges immediately preceding the expiration thereof. If such security cannot be replaced or has no generally accepted market value, or if such privileges have no generally accepted market value, the value thereof shall be determined by agreement between the **Company** and the **Insured** or by arbitration. If the applicable Coverage of this bond is subject to a Deductible Amount and/or is not sufficient in amount to indemnify the **Insured** in full for the loss of securities for which claim is made hereunder, the liability of the **Company** under this bond is limited to the payment for, or the duplication of, so much of such securities as has a value equal to the amount of such applicable Coverage. Any loss under this bond of money of any country shall be paid with the money of such country or, at the option of the **Insured**, in the United States of America dollar equivalent thereof determined by the rate of exchange at the time of the payment of such loss. Any other loss sustained at any of the **Insured's** offices or premises to which this bond applies and payable in money shall be paid with the money of the country in which such office or premise is located or, at the option of the **Insured**, in the United States of America dollar equivalent thereof determined by the rate of exchange at the time of the payment of such loss.

Property other than Securities, Money or Records

In case of loss of or damage to any **Property** (other than securities, money, books of account or other records, including Electronic and Photographic Records of the **Insured**), or damage to the **Insured's** offices or premises to which this bond applies or buildings in which such offices or premises are located, or loss of or damage to the furnishings, fixtures, stationery, supplies, equipment, safes and vaults therein, the **Company** shall not be liable for more than the actual cash value of such **Property** or of such furnishings, fixtures, stationery, supplies, equipment, safes and vaults or for more than the actual cost of repairing such **Property** or offices, buildings, furnishings, fixtures, stationery, supplies, equipment, safes and vaults, or of replacing same with property or material of like quality and value. The **Company** may, at its election, pay such actual cash value, or effect such repair or replacement. If the **Company** and the **Insured** cannot agree upon the actual cash value or cost of repair or replacement such actual cash value or cost shall be determined by arbitration.

4. ASSIGNMENT - SUBROGATION-RECOVERY-COOPERATION

- A. In the event of payment under this bond, the **Insured** shall deliver, if so requested by the **Company**, an assignment of such of the **Insured's** rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.
- B. In the event of payment under this bond, the **Company** shall be subrogated to the **Insured's** rights of recovery therefor against any person or entity to the extent of such payment.



- C. Recoveries, whether effected by the **Company** or by the **Insured**, shall be applied net of the expense of such recovery, first to the satisfaction of the **Insured's** loss in excess of the amount paid under this bond, secondly, to the **Company** as reimbursement of amounts paid in settlement of the **Insured's** claim, and thirdly, to the **Insured** in satisfaction of any Deductible Amount. Recovery on account of loss of securities as described in the first paragraph of Condition 3 or recovery from reinsurance or indemnity of the **Company** shall not be deemed a recovery as used herein.
- D. Upon the **Company's** request and at reasonable times and places designated by the **Company** the **Insured** shall:
 - (1) submit to examination by the **Company** and subscribe to the same under oath; and
 - (2) produce for the **Company's** examination all pertinent records; and
 - (3) cooperate with the **Company** in all matters pertaining to the loss.
- E. The **Insured** shall execute all papers and render assistance to secure for the **Company** the rights and causes of action provided for herein. The **Insured** shall do nothing after discovery of loss to prejudice such rights or causes of action.

5. REDUCTION OF COVERAGE, LIMIT OF LIABILITY AND DEDUCTIBLE AMOUNTS

- A. Payment of loss under any Coverage of this bond shall reduce the Aggregate Limit of Liability stated in or endorsed to Item 3 A of the DECLARATIONS of this bond. Upon exhaustion of such Aggregate Limit of Liability by such payments, the **Company** shall have no further liability to indemnify the **Insured** for any loss under any Coverage of this bond.
- B. Subject to Condition 5 A hereinabove, the total liability of the **Company** under this bond on account of:
 - (1) all loss caused by any one act of burglary, robbery or holdup or attempt thereat, in which no **Employee** is implicated; or
 - (2) all loss with respect to any one unintentional or negligent act, error or omission, or series of related unintentional or negligent acts, errors or omissions, on the part of any one person (whether or not an **Employee**) resulting in injury to or destruction or misplacement of **Property**; or
 - (3) all loss other than those specified in (1) and (2) above caused by all acts, errors, omissions, transactions, casualties or events by any one person (whether or not an **Employee**) and all acts, errors, omissions, transactions, casualties or events in which such person is implicated; or
 - (4) all loss other than those specified in (1), (2) and (3) above resulting from any one act, error, omission, transaction, casualty or event, or series of related acts, errors, omissions, transactions, casualties or events;

is limited to the applicable Limit of Liability stated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS of this bond, without regard to the total amount of such loss; and



PROVIDED FURTHER, that if two or more of the Coverages designated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS of this bond are applicable to any loss, the maximum amount payable by the **Company** in respect to such loss shall not exceed the largest single Limit of Liability under any one of such applicable Coverages.

- C. In the event payment under any Coverage of this bond reduces the Aggregate Limit of Liability stated in or endorsed to Item 3 A of the DECLARATIONS of this bond to an amount less than any applicable Limit of Liability stated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS of this bond, then the amount of such Limit of Liability shall be accordingly reduced so that the total amount available under such Limit of Liability stated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS of this bond does not exceed the reduced amount remaining available under such Aggregate Limit of Liability.
- D. The Aggregate Limit of Liability shall not be reinstated in whole or in part by any recovery effected subsequent to any payment made under this bond.
- E. Subject to Condition 5 B hereinabove, and to the Aggregate Limit of Liability stated in or endorsed to Item 3 A of the DECLARATIONS of this bond and to the Limit of Liability stated in or endorsed to the SCHEDULE to Item 3 B of the DECLARATIONS of this bond, the **Company** shall be liable under this bond only for the amount by which each and every loss exceeds the Deductible Amount for the Coverage applicable to such loss.

6. LIMITS OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE

With respect to any loss referred to in Condition 5B(3) of this bond which is recoverable or recovered in whole or in part under any other bond or policy of insurance issued by the **Company** to the **Insured**, or to the **Insured's** predecessor in interest, which has been canceled or allowed to expire but in which the period for discovery has not expired as to such loss at the time such loss thereunder is discovered, the total liability of the **Company** under this bond and under any such other bond or policy with respect to such loss shall not exceed, in the aggregate, either the amount payable hereunder for such loss or the amount payable therefor under such other bond or policy, whichever amount is larger.

If the coverage of this bond supersedes in whole or in part the coverage of any other bond or policy of insurance issued by an Insurer other than the **Company** which has been canceled or allowed to expire, the **Company** with respect to any loss sustained prior to such cancellation or expiration and discovered within the period permitted under such other bond or policy for the discovery of loss thereunder, shall be liable under this bond only for that part of such loss covered by this bond which is in excess of the amount recoverable or recovered on account of such loss under such other bond or policy, anything to the contrary in such other bond or policy notwithstanding.

7. OTHER INSURANCE OR INDEMNITY

If there be any other insurance or indemnity also covering any loss covered by this bond, whether such insurance or indemnity is effected or obtained by the **Insured** or by any other person or organization, then, anything to the contrary in such other insurance or indemnity notwithstanding, this bond shall apply only to that part of such loss which is in excess of the amount recovered or recoverable by the **Insured** or by any other person or organization under or from such other insurance or indemnity. In no event shall this bond be subject to the terms and conditions of such other insurance or indemnity.



8. TERMINATION OR CANCELLATION

- A. This bond may be cancelled as an entirety
- (1) by the **Company** by mailing or delivering to the **Insured** at the address shown in the DECLARATIONS written notice stating when not less than sixty (60) days thereafter such cancellation shall be effective, or
 - (2) by the **Insured** by mailing or delivering to the **Company** written notice stating when thereafter such cancellation shall be effective.
- B. This bond shall be terminated immediately as an entirety
- (1) upon the taking over of any **Insured** by a receiver or other liquidator or by any State or Federal official or agency, or
 - (2) upon the taking over of any **Insured** by another institution, or
 - (3) upon the exhaustion of the Aggregate Limit of Liability stated in or endorsed to Item 3 A of the DECLARATIONS of this bond, or
 - (4) upon the expiration of the Bond Period stated in or endorsed to Item 2 of the DECLARATIONS of this bond.

The mailing of any notice as set forth herein shall be sufficient proof of notice. The effective date of cancellation stated in any such notice, or termination, shall become the end of the Bond Period, notwithstanding anything to the contrary stated in Item 2 of the DECLARATIONS.

Termination or cancellation of this bond terminates liability for any loss which is discovered after termination or the effective date of cancellation, except as provided in Condition 9.

If the **Insured** cancels, earned premium shall be computed in accordance with the customary short-rate table and procedure. If the **Company** cancels, or the bond is terminated immediately as provided in B hereinabove, earned premium shall be computed pro rata. Premium adjustment may be made either at the time termination or cancellation is effected or as soon as practicable after termination or cancellation becomes effective, but payment or tender of unearned premium is not a condition of termination or cancellation.

If the **Insured** is a Federal Savings and Loan Association or a state chartered association insured by the Federal Deposit Insurance Corporation or Savings Association Insurance Fund, no cancellation of this bond whether by the **Insured** or the **Company** shall take effect prior to the expiration of ten (10) days from the receipt by the Office of Thrift Supervision of written notice of such cancellation unless an earlier date of cancellation is approved by said Office of Thrift Supervision.

This bond may be terminated by the **Company** as to any **Employee** by mailing or delivering to the **Insured** at the address shown in the DECLARATIONS written notice stating when not less than fifteen (15) days thereafter such termination shall be effective. This bond shall terminate as to any **Employee** as soon as any director, officer or supervisory **Employee** of the **Insured**, not in collusion with such **Employee**, learns of any **Dishonest or Fraudulent Act** committed by such **Employee** while employed by the **Insured**, without prejudice to the loss of any **Property** then in transit in the custody of such **Employee**.



9. INSURED'S RIGHTS AFTER CANCELLATION

If the **Insured** or the **Company** shall cancel this bond pursuant to Condition 8 A(1) or 8 A(2) as an entirety, then any time prior to the effective date of such cancellation, the **Insured**, upon written notice to the **Company** and the payment of an additional premium, may elect to avail itself of an additional period not to exceed twelve (12) calendar months within which to discover losses sustained by the **Insured** on account of acts, errors, omissions, casualties or events taking place prior to the date on which such cancellation becomes effective. Such losses shall be deemed to have been discovered during the Bond Period. There is no separate or additional Aggregate Limit of Liability or Limit of Liability for such additional period within which to discover losses.

Such additional period of time for discovery of losses shall terminate immediately:

- (a) on the effective date of any other insurance obtained by the **Insured**, its successors in business or any other party, replacing in whole or in part the coverage afforded by this bond, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or
- (b) upon any takeover of the **Insured's** business by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed for this purpose

without the necessity of the **Company** giving notice of such termination.

In the event that such additional period of time is so terminated, earned premium for the expired time shall be computed pro rata and the **Company** shall refund any unearned premium.

The right to elect such additional period of time for discovery of losses may not be exercised by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed to take over the **Insured's** business for the operation or the liquidation thereof or for any other purpose.

10. NO WARRANTIES

No statement made by or on behalf of the **Insured**, whether contained in the application or otherwise, shall be deemed to be a warranty of anything except that the statement is true to the best of the knowledge and belief of the person making the statement.

All other terms and conditions of the Policy remain unchanged.

Secretary

Chairman of the Board