

THE BAR PLAN SURETY AND FIDELITY COMPANY
THE BAR PLAN MUTUAL INSURANCE COMPANY
COLLATERAL PLEDGE AGREEMENT

This Agreement made and entered into this ____ day of _____, 20__, by and between The Bar Plan Surety and Fidelity Company/The Bar Plan Mutual Insurance Company (hereinafter referred to as "the Company") and _____ (hereinafter referred to as "the Principal").

WITNESSETH:

WHEREAS, the Company has agreed to issue Bond Number _____ and act as a Surety for the obligations of Principal, and,

WHEREAS, the Principal has agreed to indemnify the Company for any loss it may incur as a result of issuing said bond, and,

WHEREAS, the Principal has heretofore or simultaneously herewith pledged certain personal property to secure the payment of said indemnity,

NOW, THEREFORE, in consideration for the issuance of said Bond Number _____, and of the mutual covenants and agreements hereinafter contained, it is agreed as follows:

1. Company and Principal do hereby appoint and designate Company as escrow agent for the purposes as hereinafter set forth.
2. Company and Principal do hereby deposit with said Company the following described property:
3. Company and Principal do hereby authorize the Company to keep and preserve the said property in its possession until the release of the Company from any obligation under its bond without claim being made, or if claim be made, then upon payment in full by Principal of any of his undertakings under the terms of the said Collateral Agreement and the bonds and applications, and in the event that said bond is released or said obligations are paid in accordance with their terms, to thereupon deliver the property herein before described to the Principal, and it is expressly understood that

in the event the Principal fails, neglects, or refuses to pay in accordance with the terms of the documents described above, then the Company is hereby authorized to appropriate said collateral to its own use in full or partial payment of the obligations of Principal.

4. In the event the obligations of Principal are less than the value of the collateral pledged, the Company hereby agrees to reimburse the Principal in cash or money form or, at its option, may return part of the collateral to Principal for any amount over and above the obligations of the Principal under said indemnity agreement. In the event the obligations of Principal exceed the value of the collateral pledged, Principal shall remain liable for the entire obligation minus any amount received through sale or appropriation of the collateral pledged.
5. Principal hereby authorizes Company to notify the issuer and/or broker of the collateral pledged in this Agreement and to provide a copy of this Agreement to said entity. Principal further authorizes said entity to label, modify, change, or alter said collateral to reflect Company's security interests therein. In the event the collateral pledged cannot be physically transferred to Company because it is held in broker or other form, Principal hereby authorizes broker and/or issuer to label, modify, or change said instrument to reflect the security interest. Any fees associated with said labeling, modification, or change shall be the sole responsibility of Principal. Principal hereby agrees to cooperate in executing any forms or documents required by said issuer or broker to effect Company's security interest.
6. In the event that the Company is called upon to make payment on its bond and Principal fails to meet its obligations, Principal hereby authorizes the issuer and/or broker to transfer said collateral into the name of the Company without additional consent on behalf of the Principal. Principal shall solely be responsible for any fees or penalties incurred as a result of said transaction and Company shall in no way be liable to Principal for any said fees or penalties deducted from the collateral.
7. In the event that the Company must retain legal services or resort to the Courts in enforcement of this Collateral Agreement, Principal shall be liable to Company for reasonable attorney's fees and costs associated therewith. Any obligations remaining unpaid more than 30 days after becoming due and payable shall bear interest at the rate of 12% per annum.

IN WITNESS WHEREOF:

by: The Bar Plan Surety and Fidelity Company
and The Bar Plan Mutual Insurance Company

by: The Principal

by: Issuer/Broker (if required by same)