
SECURITY AGREEMENT

dated as of May 26, 2020

between

MUNICIPAL LIQUIDITY FACILITY LLC,
as Borrower

and

FEDERAL RESERVE BANK OF NEW YORK,
as Secured Party

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ANNEX I - Filing Details

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of May 26, 2020 (this “Agreement”), between MUNICIPAL LIQUIDITY FACILITY LLC, a Delaware limited liability company (the “Borrower”), the FEDERAL RESERVE BANK OF NEW YORK, and any permitted assignee thereof, as secured party (the “Secured Party”).

W I T N E S S E T H :

WHEREAS, concurrently with the execution and delivery of this Agreement, (i) the Borrower and the Secured Party are entering into that certain Credit Agreement, dated as of May 26, 2020 (the “Credit Agreement”), pursuant to which the Secured Party, as Lender, has agreed to make Loans to the Borrower thereunder upon the terms and subject to the conditions set forth therein, and (ii) the Borrower and The Bank of New York Mellon, a New York trust company (“BNYM”) are entering into that certain Custody and Administration dated on or after the date hereof (the “Custody and Administration Agreement”), pursuant to which BNYM will act as custodian with respect to Borrower’s property (BNYM in such capacity, together with its successors in such capacity, the “Custodian”); and

WHEREAS, it is a condition precedent to the obligation of the Lender to make the Loans to the Borrower under the Credit Agreement that the Borrower shall have executed and delivered this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

SECTION 1. DEFINITIONS, ETC

1.01 Certain Uniform Commercial Code Terms As used herein, the terms “Account”, “Chattel Paper”, “Commodity Account”, “Commodity Contract”, “Deposit Account”, “Document”, “Electronic Chattel Paper”, “General Intangible”, “Instrument”, “Investment Property”, “Letter-of-Credit Right”, “Proceeds”, “Promissory Note”, and “Tangible Chattel Paper” have the respective meanings set forth in Article 9 of the NYUCC, and the terms “Certificated Security”, “Clearing Corporation”, “Financial Asset”, “Indorsement”, “Securities Account”, “Security”, “Security Entitlement” and “Uncertificated Security” have the respective meanings set forth in Article 8 of the NYUCC.

1.02 Credit Agreement (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein (including terms used in the preamble and the recitals hereto) shall have the meanings given to them in the Credit Agreement.

(b) The “Other Definitional Provisions” specified in Section 1.2 of the Credit Agreement shall apply to this Agreement, including terms defined in the preamble and recitals hereto.

1.03 Additional Definitions. In addition, as used herein:

“Agreement”: as defined in the preamble hereto.

“Borrower”: as defined in the preamble hereto.

“Clearing Corporation Security”: a security that is registered in the name of, or Indorsed to, a Clearing Corporation or its nominee or is in the possession of a Clearing Corporation in bearer form or Indorsed in blank by an appropriate Person.

“Collateral”: as defined in Section 3.01.

“Collateral Account”: each of the Custody Account, the Liquidity Account and any other Account established under the Custody and Administration Agreement (including any sub-account thereof).

“Collections”: from and including the Closing Date, without duplication, (a) all payments under or in respect of, or any proceeds of, any Collateral, including all proceeds from the Disposition of any Collateral, all amounts received from regularly scheduled repayments of principal or amounts received in respect of prepayments of principal, in each case on any item of Collateral, and all interest payments on any item of Collateral;

(b) all other payments or proceeds in respect of the Collateral, including any insurance proceeds, and any income or return earned on any funds on deposit in the Collateral Accounts or the Preferred Equity Account.

“Control”: “control” as defined in Section 9-104, 9-105, 9-106 or 9-107 of the NYUCC.

“Credit Agreement”: as defined in the recitals hereto.

“Custodian”: as defined in the recitals hereto. The term “Custodian” includes any agent or sub-custodian acting on behalf of the Custodian.

“Custody Account”: as defined in the Custody and Administration Agreement, and any successor or replacement for such account.

“Custody and Administration Agreement”: as defined in the recitals hereto, as the same may be amended, restated or otherwise modified from time to time.

“Deliver”, “Delivered” or “Delivery”: (whether to the Secured Party or otherwise), with respect to any Collateral, that such Collateral is held, registered or covered by a recorded UCC-1 financing statement as described below, in each case in a manner reasonably satisfactory to the Secured Party (for purposes of its own procedures or operations):

(a) in the case of each Certificated Security (other than a U.S. Government Security or Clearing Corporation Security), that such Certificated Security is in the possession of the Custodian and registered in the name of the Custodian (or its nominee) or Indorsed in blank under an arrangement where either (i) the Custodian has agreed to hold such Certificated Security as bailee on behalf of the Secured Party or (ii) the Custodian has credited the same to a Collateral Account maintained pursuant to the Custody and Administration Agreement;

(b) in the case of each Instrument, that such Instrument is in the possession of the Custodian Indorsed to the Custodian or in blank under an arrangement where the Custodian has agreed to hold such Instrument as bailee on behalf of the Secured Party;

(c) in the case of each Uncertificated Security (other than a U.S. Government Security or Clearing Corporation Security, and other than any Treasury Deposit Memorandum if such Treasury Deposit Memorandum is treated as an Uncertificated Security), that such Uncertificated Security is registered on the books of the issuer thereof to the Custodian (or its nominee) under an arrangement where the Custodian has credited the same to a Collateral Account maintained pursuant to the Custody and Administration Agreement;

(d) in the case of each Clearing Corporation Security, that such Clearing Corporation Security either (i) is credited to a Securities Account of the Custodian at such Clearing Corporation (and, if a Certificated Security, so held in the possession of such Clearing Corporation, or of an agent or custodian on its behalf) and the Security Entitlement of the Custodian in such Clearing Corporation Securities Account has been credited by the Custodian to a Collateral Account maintained pursuant to the Custody and Administration Agreement or (ii) is credited to a Securities Account of the New York Fed at such Clearing Corporation (and, if a Certificated Security, so held in the possession of such Clearing Corporation, or of an agent or custodian on its behalf) and the Security Entitlement of the New York Fed in such Clearing Corporation Securities Account has been credited by the New York Fed to the Preferred Equity Account;

(e) in the case of each U.S. Government Security (other than the Treasury Deposit Memorandum if any Treasury Deposit Memorandum is treated as a U.S. Government Security), that (i) such U.S. Government Security is credited to a securities account of the Custodian at a Federal Reserve Bank and the Security Entitlement of the Custodian in such Federal Reserve Bank Securities Account has been credited by the Custodian to a Collateral Account maintained pursuant to the Custody and Administration Agreement or (ii) such U.S. Government Security is credited by the New York Fed to the Preferred Equity Account;

(f) in the case of any Tangible Chattel Paper, that the original of such Tangible Chattel Paper is in the possession of the Custodian in the United States under an arrangement where the Custodian has agreed to hold such Tangible Chattel Paper as bailee on behalf of the Secured Party and any agreements that constitute or evidence such Tangible Chattel Paper is free of any marks or notations indicating that it is then pledged, assigned or otherwise conveyed to any Person other than the Secured Party;

(g) in the case of each General Intangible (including any participation in a debt obligation) of the Borrower, that such General Intangible falls within the collateral description of a UCC-1 financing statement, naming the Borrower as "debtor" and the Secured Party as "secured party" and filed in the jurisdiction of organization of the Borrower; provided that in the case of a participation in a debt obligation that is evidenced by an Instrument, either (i) such Instrument is in the possession of the applicable participating institution in the United States, and such participating institution

has agreed that it holds possession of such Instrument for the benefit of the Custodian, and the Custodian has agreed that it holds the interest in such Instrument as bailee on behalf of the Secured Party or (ii) such Instrument is in the possession of the applicable participating institution outside of the United States and such participating institution (and, if applicable, the obligor that issued such Instrument) has taken such actions as shall be necessary under the law of the jurisdiction where such Instrument is physically located to accord the Secured Party rights equivalent to Control over such Instrument under the NYUCC;

(h) in the case of any money or cash (regardless of currency), that such money or cash has been credited to a Collateral Account maintained pursuant to the Custody and Administration Agreement or to the Preferred Equity Account maintained pursuant to the Preferred Equity Account Documentation; and

(i) in the case of each item of Collateral not of a type covered by the foregoing clauses (a) through (h) that such item of Collateral has been transferred to the Secured Party in accordance with applicable law and regulation.

“DTC”: The Depository Trust Company, its nominees and their respective successors.

“Liquidity Account”: as defined in the Custody and Administration Agreement, and any successor or replacement for such account.

“New York Fed” means the Federal Reserve Bank of New York in its capacity as the Bank under the Preferred Equity Account Documentation.

“NYUCC”: the Uniform Commercial Code as in effect from time to time in the State of New York.

“Officer’s Certificate”: of any Person, means a certification or written instruction signed by a Responsible Officer of such Person.

“Preferred Equity Account”: as defined in the Credit Agreement, and any successor or replacement for such account.

“Secured Party”: as defined in the preamble hereto.

“Treasury Deposit Memorandum”: the Investment Memorandum of Understanding to be entered into among the Borrower, the United States Department of Treasury and the Secured Party in relation to investment associated with the Preferred Equity Account.

SECTION 2. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants that:

2.01 Title; No Other Liens; Financing Statements. (a) The Borrower is the sole beneficial owner of, and has good and marketable title to, each item of the Collateral free

and clear of any and all Liens or options in favor of, or claims of, others, other than the security interest granted to the Secured Party pursuant to this Agreement and the subordinate security interest granted to the Custodian under the Custody and Administration Agreement. Other than the security interest granted to the Secured Party pursuant to this Agreement and the subordinate security interest granted to the Custodian under the other Security Documents, the Borrower has not pledged, assigned, sold or granted a security interest in the Collateral.

(b) No security agreement, financing statement, equivalent security or lien instrument, continuation statement or other public notice with respect to all or any part of the Collateral or listing the Borrower as “debtor” is on file or of record in any public office, except such as have been filed in favor of the Secured Party pursuant to this Agreement. The Borrower has not authorized the filing of, and is not aware of, any financing statements against the Borrower or that includes a description of collateral covering all or any portion of the Collateral, except those in favor of the Secured Party pursuant to this Agreement or the Custodian under the other Security Documents.

2.02 Perfected First Priority Liens. (a) All actions necessary (including the filing of Uniform Commercial Code financing statements) to Deliver, protect and perfect the Secured Party’s security interest in the Collateral now in existence and hereafter acquired or created have been or will be without unreasonable delay after the Closing Date, duly and effectively taken. The Borrower has received all consents and approvals required by the terms of the Collateral to Deliver the Collateral to the Secured Party.

(b) The security interests granted pursuant to this Agreement constitute a valid, perfected and continuing Lien on the Collateral in favor of the Secured Party as collateral security for the Borrower’s Obligations, which Lien is prior to all other Liens, and which Lien is enforceable as such as against creditors of, and purchasers from, the Borrower in accordance with the terms hereof, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

2.03 Names, Etc. The full and correct legal name, type of organization, jurisdiction of organization, organizational identification number (if applicable), mailing address and the address of its registered office of the Borrower as of the date hereof are correctly set forth in Annex I.

SECTION 3. COLLATERAL Grant of Security Interest. (a) As collateral security for the payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Obligations, the Borrower hereby pledges and grants to the Secured Party a security interest in all of the Borrower's right, title and interest in, to and under the following property, in each case whether tangible or intangible, wherever located, and whether now owned by the Borrower or hereafter acquired and whether now existing or hereafter coming into existence (all of the property described in this Section 3.01 being collectively referred to herein as "Collateral"):

(i) The Custody Account established pursuant to the Custody and Administration Agreement, including all sub-accounts of such account, if any, and all cash, checks, Instruments, Documents, Securities, whether certificated or uncertificated, Security Entitlements with respect thereto and other Financial Assets carried therein or other funds, if any, from time to time representing or evidencing investment of amounts on deposit in, or otherwise credited to, such account and all proceeds thereof, and all claims of the Borrower in and to such funds;

(ii) The Liquidity Account established pursuant to the Custody and Administration Agreement, including all sub-accounts of such account, if any, and all cash, checks, Instruments, Documents, Securities, whether certificated or uncertificated, Security Entitlements with respect thereto and other Financial Assets carried therein or other funds, if any, from time to time representing or evidencing investment of amounts on deposit in, or otherwise credited to, such account and all proceeds thereof, and all claims of the Borrower in and to such funds;

(iii) The Preferred Equity Account, established pursuant to the Preferred Equity Account Documentation, including all sub-accounts of such account, if any, and all cash, checks, Instruments, Documents, Securities, whether certificated or uncertificated, Security Entitlements with respect thereto and other Financial Assets carried therein or other funds, if any, from time to time representing or evidencing investment of amounts on deposit in, or otherwise credited to, such account and all proceeds thereof, and all claims of the Borrower in and to such funds;

(iv) without limiting the scope of the preceding clauses (i), (ii) and (iii) and the succeeding clause (vii), all cash, all checks, all Accounts, all Chattel Paper, all Deposit Accounts, all Documents, all General Intangibles, all Instruments (including all Promissory Notes), all Investment Property not covered by the foregoing (including all Securities, whether certificated or uncertificated, all Securities Accounts and all Security Entitlements with respect thereto and Financial Assets carried therein, and all Commodity Accounts and Commodity Contracts), and all Letter-of-Credit Rights;

(v) without limiting the scope of the preceding clauses (i), (ii), (iii) and (iv) and the succeeding clause (vi), all right, title and interest of the Borrower in, to and under all investment property, including all Investments and all monies due

and to become due to the Borrower in connection with such Investments, and all rights, remedies, powers, privileges and claims of the Borrower as holder of such Investments, including the rights of the Borrower as holder of such Investments to enforce the agreements or instruments pursuant to which the Investments are issued and the obligations of any Person thereunder and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to such agreements or instruments or the obligations of any Person thereunder to the same extent as the Borrower could but for the assignment and security interest granted to the Secured Party in this Section 3.01;

(vi) all right, title and interest of the Borrower in, to and under the Operative Documents, including all rights, authority, powers and privileges of the Borrower thereunder and all payments and distributions of any kind or character, whether in cash or other property, at any time made or distributable to the Borrower thereunder or in connection therewith, whether due or to become due, including the immediate and continuing right to receive and collect any fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of the Operative Documents or otherwise, and all rights, remedies, powers, privileges and claims of the Borrower under or with respect to the Operative Documents (whether arising pursuant to the terms of the Operative Documents or otherwise available to the Borrower at law or in equity), including the rights of the Borrower to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the Operative Documents to the same extent as the Borrower could but for the assignment and security interest granted to the Secured Party in this Section 3.01;

(vii) all additional property of the Borrower, which includes all other property and interests in property, however described, of the Borrower (including any other collections, General Intangibles, Chattel Paper, and other personal property, and all receipts, revenues and income of property subjected or required to be subjected to the Lien of this Agreement);

(viii) to the extent not otherwise included, all Proceeds of any and all of the foregoing, including all present and future claims, demands, causes of action and choses in action in respect of any or all of the foregoing, and all payments on or under, and all proceeds of every kind and nature whatsoever in respect of, any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing; and

(ix) to the extent related to any Collateral, all books, correspondence, credit files, records, invoices and other papers (including all tapes, cards, computer runs and other papers and documents in the possession or under the

control of the Borrower or any computer bureau or service company from time to time acting for the Borrower).

(b) Notwithstanding the assignment and security interests so granted to the Secured Party, the Borrower shall nevertheless be permitted, subject to the provisions of Sections 4.07 and 4.08 and with the prior written approval of the Secured Party, to give all consents, requests, notices, directions, approvals, extensions or waivers, if any, that are required to be given by the Borrower by the specific terms of any item of Collateral, and the assignment and security interest so granted to the Secured Party shall not relieve the Borrower from the performance of any term, covenant, condition or agreement on the Borrower's part to be performed or observed by it under or in connection with any item of Collateral or impose any obligation on the Secured Party or any other Secured Party to perform or observe any such term, covenant, condition or agreement on the Borrower's part to be so performed or observed by it or otherwise impose any liability on the Secured Party or any other Secured Party for any act or omission on the part of the Borrower relative thereto or for any breach of any representation or warranty on the part of the Borrower contained in any item of Collateral or made in connection therewith or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

SECTION 4. COVENANTS OF THE BORROWER In furtherance of the grant of the security interest pursuant to Section 3.01, the Borrower hereby agrees as follows:

4.01 Delivery and Other Perfection. Concurrently with, or without unreasonable delay after, the execution and delivery of this Agreement, and concurrently with, or without unreasonable delay after, the acquisition of any additional Collateral at any time after the date hereof, the Borrower shall take such actions as shall be necessary to effect Delivery of such Collateral to the Secured Party. In addition, and without limiting the generality of the foregoing, the Borrower shall promptly from time to time give, execute, deliver, file, record, authorize or obtain all such financing statements, continuation statements, notices, instruments, documents, account control agreements or any other agreements or consents or other papers as may be necessary or desirable (or as may be requested by the Secured Party) to create, preserve, perfect, maintain the perfection and first priority nature of, or validate the security interest granted pursuant hereto or to enable the Secured Party to exercise and enforce its rights hereunder with respect to such security interest, including (i) filing any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of Investment Property, Instruments, Tangible Chattel Paper, Electronic Chattel Paper, Deposit Accounts, Securities Accounts, Commodities Accounts, Letter-of-Credit Rights and any other relevant Collateral, taking any actions necessary to enable the Secured Party to obtain Control with respect thereto, and without limiting the foregoing, shall:

(a) keep full and accurate books and records relating to the Collateral in all material respects, and stamp or otherwise mark such books and records in such manner as the Secured Party may reasonably require in order to reflect the security interests granted by this Agreement;

(b) not take any action to terminate the Custody and Administration Agreement or Control Agreement without Secured Party's consent;

(c) cause the Custody and Administration Agreement and the Control Agreement to be in effect at all times with an entity satisfactory to the Secured Party acting as custodian;

(d) permit representatives of the Secured Party, upon reasonable notice, at any time during normal business hours, to inspect and make abstracts from its books and records pertaining to the Collateral and to be present at the Borrower's place of business to receive copies of communications and remittances relating to the Collateral, and forward copies of any notices or communications received by the Borrower with respect to the Collateral, all in such manner as the Secured Party may reasonably require.

4.02 Payment of Obligations. The Borrower will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of income or profits therefrom, as well as all claims of any kind against or with respect to the Collateral, except that no such charge or levy need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower and such proceedings could not reasonably be expected to result in the sale, forfeiture or loss of any of the Collateral or any interest therein.

4.03 Maintenance of Perfected Security Interest. The Borrower shall maintain and preserve the security interest created by this Agreement and the other Security Documents as a first priority perfected security interest, shall enforce the rights, title and interests of the Secured Party and the Secured Parties with respect to the Collateral and shall preserve and defend title to the Collateral and the rights and interests of the Secured Party and the other Secured Parties in such Collateral against the claims and demands of all Persons whomsoever.

(b) The Borrower will furnish to the Secured Party from time to time statements and schedules further identifying and describing the assets and property of the Borrower and such other reports in connection therewith as the Secured Party may reasonably request, all in reasonable detail.

(c) Without relieving the Borrower of its obligations set forth in Section 4.01, the Borrower hereby authorizes the Secured Party to file and refile such financing statements, continuation statements, amendments thereto, notices and other documents or instruments (including this Agreement) (and such financing statements, continuation statements, amendments thereto, notices and other documents or instruments may describe the Collateral as "all assets," "all personal property" or words of similar effect) in such offices as the Secured Party may deem necessary or appropriate and wherever required or permitted by law in order to perfect and preserve the rights and interests granted to the Secured Party hereby, and agrees to do such further acts and things, and to execute and deliver to the Secured Party such additional assignments, agreements, powers and instruments, as the Secured Party reasonably determines to be necessary to carry into effect the purposes of this Agreement or to better assure and confirm

unto the Secured Party its rights, powers, privileges and remedies hereunder; provided that the foregoing powers on the part of the Secured Party shall not impose upon the Secured Party the Borrower's affirmative obligation set forth in Section 4.01.

4.04 Changes in Name, Etc. The Borrower will not, except upon 60 days' prior written notice to the Secured Party and delivery to the Secured Party of all additional executed financing statements and other documents reasonably requested by the Secured Party to maintain the validity, perfection and priority of the security interests provided for herein, (i) change its jurisdiction of organization, organizational identification number, mailing address or the address of its registered office from that referred to on Annex I or (ii) change its name. Such notice shall make specific reference to this Section 4.04 and shall include specific instructions as to any actions necessary to be taken (including any filings required to be made) to maintain the validity, perfection and priority of the secured interests provided for here.

4.05 Notices. The Borrower will advise the Secured Party promptly, in writing and in reasonable detail (and making express reference to this Section 4.05), of any Lien on any of the Collateral.

4.06 Other Financing Statements or Control. The Borrower shall not (a) file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to any of the Collateral in which the Secured Party is not named as the sole Secured Party, or (b) cause or permit any Person other than the Secured Party to have Control of any Deposit Account, Securities Account, Commodities Account, Tangible Chattel Paper, Electronic Chattel Paper, Investment Property, Instruments or Letter-of-Credit Right constituting part of the Collateral, other than the Custodian to the extent permitted by the other Security Documents.

4.07 Performance of the Agreements. Promptly following a request from the Secured Party to do so, and at the Borrower's own expense, the Borrower agrees (a) to take all such lawful action as the Secured Party may request to compel or secure the performance and observance by any Person of its obligations to the Borrower under or in connection with (i) agreements or instruments pursuant to which Investments are issued in accordance with the terms thereof (provided that such action is not inconsistent with or in violation of any of the Borrower's obligations under such agreements or instruments), and (ii) any Operative Document in accordance with the terms thereof (provided that such action is not inconsistent with or in violation of any of the Borrower's obligations under such Operative Documents), and (b) to exercise any and all rights, remedies, powers and privileges lawfully available to the Borrower, as owner of the Investments, under or in connection with such agreements or instruments, or under or in connection with any Operative Document, in each case to the extent and in the manner directed by the Secured Party, including the transmission of notices of default and the institution of legal or administrative actions or proceedings to compel or secure performance by any such Person of its obligations thereunder. The Borrower further agrees that it will not (1) exercise any right, remedy, power or privilege available to it under or in connection with the agreements or instruments pursuant to which the Investments are issued or under or in connection with any Operative Document, (2) take any action to compel or secure performance or observance by any Person of its obligations to the Borrower as holder of the Investments under or in connection with such agreements or instruments or under or in connection with any

Operative Document or (3) give any consent, request, notice, direction, approval, extension or waiver to any Person under the agreements or instruments pursuant to which the Investments are issued or under any Operative Document, not required to be exercised, taken, observed or given by the Borrower pursuant to the terms thereof; unless, in each case, it has obtained the prior written consent of the Secured Party and such action is not inconsistent with or in violation of any of the Borrower's obligations under such agreements, instruments or Operative Documents, as the case may be.

4.08 Amendments to Collateral; Waivers. Without intending in any manner to derogate from the absolute nature of the assignment granted to the Secured Party by this Agreement or the rights of the Secured Party hereunder, except as otherwise provided in Sections 4.11 and 6.03, and subject to Section 8.1 of the Credit Agreement, without obtaining the prior written consent of the Secured Party (or, if required by the terms of the Loan Documents, such other Persons required to consent thereby) and providing a certificate to the Secured Party on which it may rely confirming that, if required by the terms of the Loan Documents, such other Persons required to consent thereby has been obtained, the Borrower will not agree to any amendment, modification, supplement, termination or surrender which would result in the release of any security interest granted in the Collateral. If, subject to Section 8.1 of the Credit Agreement, any such amendment, modification, supplement or waiver shall be so consented to by the Secured Party (or, if required by the terms of the Loan Documents, such other Persons required to consent thereby), or the provisions of the preceding proviso are applicable, the Borrower agrees, promptly following a request by the Secured Party to do so, to execute and deliver, in its own name and at its own expense, such agreement, instruments, consents and other documents as the Secured Party may deem necessary or appropriate in the circumstances.

4.09 Notice of Default under Operative Documents

The Borrower agrees to give the Secured Party prompt (and in no event more than two Business Days thereafter) written notice of each default coming to the Borrower's attention on the part of any Person under any of the Operative Documents or under any agreement or instrument pursuant to which the Investments are issued, which notice shall specify the obligations that are in default and the Operative Document or other instrument or agreement under which the default occurred (and shall make specific references to this Section 4.09).

4.10 Custody of Documents. The Borrower shall deliver to the Secured Party copies of any amendment, supplement or other modification of or to any of the Operative Documents or to any agreement or instrument pursuant to which the Investments have been issued, promptly after execution and delivery thereof, in each case accompanied by an Officer's Certificate of the Borrower identifying such document as being delivered pursuant to this Section 4.10, identifying the document so delivered and the Operative Document to which it relates. In addition to the consent requirements in Section 6.03, the Secured Party shall not be bound by any such amendment, supplement or modification of which it has not received notice.

4.11 Dispositions of and Collections on Collateral. The Borrower shall have the right to sell or otherwise Dispose of, free and clear of the Lien and security interest created hereby, any Collateral in the manner and under the circumstances provided for in the Custody and Administration Agreement or the Preferred Equity Account Documentation, as applicable.

That portion of the Collateral so Disposed of shall be automatically released from the security interest created by this Agreement, without further action by the Secured Party hereunder.

(b) The Borrower shall cause all Collections of, and any other amounts due and to become due to the Borrower under or in connection with, the Collateral, to be paid directly to the Custodian for deposit pursuant to the Custody and Administration Agreement or to the Preferred Equity Account Bank pursuant to the Preferred Equity Account Documentation, as applicable. The Borrower agrees that if such Collections or other amounts shall be received by the Borrower in an account other than the Liquidity Account, the Preferred Equity Account or the Custody Account, as applicable, such monies, instruments, cash and other Collections will not be commingled by the Borrower with any of its other funds or property, if any, but will be held separate and apart therefrom and shall be held in trust by the Borrower for, and immediately remitted to, the Custodian, with any necessary endorsement.

SECTION 5. REMEDIES; DISTRIBUTION OF COLLATERAL.

5.01 Preservation of Rights. The Secured Party shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral. The Secured Party shall not be under any obligation or duty to exercise any right or power, or otherwise to take action in respect of any calls, conversions, exchanges, maturities, tenders, solicitations or similar matters concerning any Collateral.

5.02 Events of Default, Etc. During the period during which an Event of Default shall have occurred and be continuing:

(a) the Secured Party may exercise any rights, remedies, powers, privileges and claims of the Borrower under any Operative Document or under an instrument or agreement pursuant to which an item of Collateral is issued, including the right to give any consent, request, notice, direction, approval, extension or waiver under any Operative Document or under an instrument or agreement pursuant to which an item of Collateral is issued subject in each case to the terms thereof and the terms hereof, and any right of the Borrower to take such action shall be suspended;

(b) the Borrower shall, at the request of the Secured Party, assemble the Collateral owned by it at such place or places, reasonably convenient to both the Secured Party and the Borrower, designated in the Secured Party's request;

(c) the Secured Party may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify in a commercially reasonable manner the terms of, any of the Collateral;

(d) the Secured Party shall have all of the rights and remedies with respect to the Collateral of a secured party under the Uniform Commercial Code (whether or not the Uniform Commercial Code is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted,

including the right, to the fullest extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Secured Party were the sole and absolute owner thereof (and the Borrower agrees to take all such action as may be appropriate to give effect to such right);

(e) the Secured Party may, in its name or in the name of the Borrower or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(f) (i) the Secured Party may, upon ten Business Days' prior written notice to the Borrower of the time and place (or, if such sale is to take place on the New York Stock Exchange or any other established exchange or market, prior to the time of such sale or other Disposition), with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of the Secured Party sell, assign or otherwise Dispose of all or any part of such Collateral, at such place or places as the Secured Party deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such Disposition or of the time or place thereof (except such notice as is required above or by applicable statute and cannot be waived), and the Secured Party or anyone else may be the purchaser, assignee or recipient of any or all of the Collateral so Disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter, to the fullest extent permitted by law, hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Borrower, any such demand, notice and right or equity being hereby expressly waived and released, to the fullest extent permitted by law.

The Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned.

(ii) Notwithstanding any of the foregoing in this Section 5.02, the proceeds of each collection, sale or other disposition under this Section shall be applied in accordance with the terms of the Credit Agreement. For such purpose, all unpaid expenses, liabilities and advances incurred or made by Custodian, the Preferred Equity Account Bank, Administrator or Secured Party in connection with the sale and disposition of the Collateral, the collection of any amounts related thereto and the enforcement and exercise by Secured Party of any rights, remedies, powers, privileges and claims of Borrower under any item of Collateral shall constitute reimbursable costs owed by Borrower to such party, as applicable.

(iii) The Borrower recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws, the Secured Party may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Borrower acknowledges that any such private sales may be at prices and on terms less favorable to the Secured Party than

those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that to the extent any such private sale is conducted by the Secured Party in a commercially reasonable manner, the Secured Party shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the Borrower, or the issuer thereof, to register it for public sale.

5.03 Private Sale. The Secured Party shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to Section 5.02 conducted in a commercially reasonable manner. The Borrower hereby waives any claims against the Secured Party arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Obligations, even if the Secured Party accepts the first offer received and does not offer the Collateral to more than one offeree, so long as such private sale was conducted in a commercially reasonable manner.

5.04 Custody and Safekeeping. The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of Collateral in its possession, if any, shall be to deal with it in a similar manner as the Secured Party deals with similar property for similar customers, subject to Section 9-207 of the NYUCC and subject to the protections and limitations on liability afforded to the Secured Party under this Agreement.

5.05 Waiver of Stays, Etc. To the full extent that the Borrower may lawfully so agree, the Borrower agrees that it will not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force to prevent or delay the enforcement of this Agreement in accordance with its terms or the absolute sale of any portion of or all of the Collateral in accordance with this Agreement or the possession thereof by any purchaser at any sale under and in compliance with this Agreement, and the Borrower, for itself and all who may claim under the Borrower, as far as the Borrower now or hereafter lawfully may do so, hereby waives the benefit of all such law.

5.06 Attorney-in-Fact. Without limiting any rights or powers granted by this Agreement to the Secured Party while no Event of Default has occurred and is continuing, upon the occurrence and during the continuance of any Event of Default, the Secured Party is hereby appointed the attorney-in-fact of the Borrower for the purpose of carrying out the provisions of this Section 5 and taking any action and executing any instruments which the Secured Party may reasonably deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, so long as the Secured Party shall be entitled under this Section 5 to make collections in respect of the Collateral, the Secured Party shall have the right and power to receive, endorse and collect all checks made payable to the order of the Borrower representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

SECTION 6. MISCELLANEOUS Notices. All notices, requests, consents, and demands to or upon the respective parties hereto to be effective shall be in writing (including by electronic mail

transmission), and, unless otherwise expressly provided herein, must be delivered by messenger, overnight courier service or electronic mail, and shall be deemed to have been duly given or made when delivered, or in the case of notice by electronic mail transmission, when acknowledged by the receiving party or otherwise verified by the sending party (whichever occurs first), addressed as follows or to such other address as may be hereafter notified by the respective parties hereto:

Borrower: Municipal Liquidity Facility LLC
33 Liberty Street
New York, NY 10045
Attention: _____, Assistant Vice President
Telephone:
Email: MLF@ny.frb.org
And by email to:

and:

General Counsel and Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001
Telephone: _____ 6
Email:

Lender and Secured Party, as applicable:

Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001
Attention: _____, Senior Vice President
Telephone:
Email:
And by email to:

and:

d

General Counsel and Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001
Telephone: _____ 6
Email:

provided that any notice, request or demand to or upon the Secured Party, the Lender and the Borrower shall not be effective until received.

Notices and other communications hereunder may be delivered or furnished by electronic communications.

6.02 No Waiver No failure on the part of the Secured Party or any other Secured Party to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power, privilege or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by any Secured Party of any right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. The rights, powers, privileges and remedies herein provided are cumulative and are not exclusive of any rights, powers, privileges and remedies provided by law.

6.03 Amendments, Etc This Agreement and the terms hereof may be amended, waived, supplemented or modified only with the consent of the parties hereto. Any purported amendment, waiver, supplement or modification not complying with the terms of this Section 6.03 shall be null and void.

6.04 Secured Party Appointed Attorney-in-Fact The Borrower hereby appoints the Secured Party its attorney-in-fact, with full power of substitution, for the purpose of taking such action and executing agreements, instruments and other documents, in the name of the Borrower, as expressly provided herein and as the Secured Party may deem necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable.

6.05 Termination This Agreement, and the assignments, pledges and security interests created or granted hereby, shall terminate on the earlier of the date on which (a) the Obligations shall have been satisfied in full and the Credit Agreement has been terminated or (b) all of the Collateral has been fully distributed in accordance with the terms of this Agreement.

6.06 Successors and Assigns This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Borrower and the Secured Party (provided that the Borrower shall not assign or transfer its rights or obligations hereunder without the prior written consent of the Secured Party). This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and each of their respective successors and assigns. The Custodian and the Administrator shall be express third-party beneficiaries of this Agreement in respect of Section 6.03.

6.07 Counterparts This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by email or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by the parties hereto shall be lodged with the Borrower, the Secured Party and the Lender.

6.08 Severability Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

6.09 Integration This Agreement and the other Loan Documents represent the entire agreement of the Borrower, the Secured Party and the Lender with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any party hereto or any other Secured Party relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

6.10 **GOVERNING LAW** **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

6.11 Submission To Jurisdiction; Waivers The Borrower, by its acceptance of the benefits hereunder, hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the courts of the United States for the Southern District of New York, and appellate courts thereof;

(b) consents that any such action or proceeding shall be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, at such address of which the Secured Party shall have been notified pursuant to Section 6.01;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law;

(e) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit or by judgment or in any other manner provided by law; and

(f) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding any special, indirect exemplary, punitive or consequential damages of any kind whatsoever (including for lost profits).

**6.12 WAIVERS OF JURY TRIAL EACH PARTY HERETO
IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY
LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY
OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

6.13 Limited Recourse. No recourse shall be had for the payment of any amount owing in respect of any obligation of, or claim against, the Borrower arising out of or based upon this Agreement or any other Operative Document against any holder of a membership interest, employee, officer or Affiliate thereof and, except as specifically provided herein and in the other Operative Documents, no recourse shall be had for the payment of any amount owing in respect of any obligation of, or claim against, the Borrower arising out of or based upon this Agreement against the Secured Party or any holder of the membership interests of the Borrower or any Related Party thereof; provided, however, that the foregoing shall not relieve any such person or entity from any liability they might otherwise have as a result of bad faith, gross negligence, willful misconduct or fraudulent actions taken or omissions by them. The provisions of this Section 6.13 shall survive the termination of this Agreement and the other Obligations and shall also survive the termination of the Credit Agreement.

6.14 No Petition. The Secured Party hereby covenants and agrees that it will not at any time before the expiration of one year plus one day, or if applicable, such longer preference period following the latest of the date of termination of this Agreement, the payment of the Obligations and the termination of the Credit Agreement and the Security Documents (a) commence or institute against the Borrower or join with or facilitate any other Person in commencing or instituting against the Borrower, any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, receivership, insolvency or liquidation proceedings, or other proceedings under any United States Federal or state, or other jurisdiction, bankruptcy or similar law or statute now or hereafter in effect in connection with any obligations relating to this Agreement or any of the other Operative Documents or (b) participate in any assignment for benefit of creditors, compositions, or arrangements with respect to the Borrower's debts. The agreements in this Section 6.14 shall survive the termination of this Agreement and the other Obligations and shall also survive the termination of the Credit Agreement and the Security Documents.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the day and year first above written.

MUNICIPAL LIQUIDITY FACILITY LLC,
as Borrower

By: FEDERAL RESERVE BANK OF NEW YORK,
as its sole Managing Member

By: _____
Name
Title: Assistant Vice President

FEDERAL RESERVE BANK OF NEW YORK,
as Secured Party

By: _____
Name:
Title: Executive Vice President, Head of Markets Group

ANNEX I
Filing Details

Legal name:

MUNICIPAL LIQUIDITY FACILITY LLC

Type of organization:

Limited Liability Company

Jurisdiction of organization:

Delaware

Organizational Identification Number:

7951370

Mailing Address:

Municipal Liquidity Facility LLC
c/o Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001
Attention: , Assistant Vice President

Address of Registered Office:

Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801