**NON-DISCLOSURE AGREEMENT**

This Non-Disclosure Agreement (“Agreement”), made and entered into this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_, 20\_\_, by and between Potomac Business Services, LLC (“PBS” or the “Disclosing Party”) with offices located at 10605 Concord Street, Suite 503, Kensington, MD 20895 and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Federal Credit Union(referred to hereinafter as “CLIENT” or “Receiving Party”) is entered into in anticipation of each party providing proprietary and confidential data to the other party during discussions concerning the possible placement of participation shares in PBS originated loans.

**WITNESSETH**

WHEREAS, CLIENT has expressed an interest in exploring the possibility of buying, in whole or in part, loan participation interests in PBS originated loans; and

WHEREAS, CLIENT agrees that from time to time PBS may issue to CLIENT confidential information relating to the Disclosing Party’s members, borrower’s and clients; and

WHEREAS, CLIENT agrees that the PBS may from time to time issue confidential loan information including but not limited to financial statements, internal reports, personal guarantor financial statements, credit scores, social security numbers, tax returns, business plans, and other sensitive personal, corporate and commercial information (collectively referred to hereinafter as “Confidential Information”); and

WHEREAS, CLIENT also wishes to evaluate Disclosing Party’s internal documents including but not limited PBS’s own financial statements, internal reports, loan policy and other proprietary and Confidential Information; and

WHEREAS, CLIENT understands that PBS will serve as exclusive servicing agent for any and all loan interests purchased in whole or in part from PBS or one of its members;

NOW, THEREFORE, in consideration of the premises and of the mutual promises hereinafter made, the parties hereto hereby agree as follows:

1. It is understood that the CLIENT may acquire knowledge from PBS pertaining to prospective loan opportunities, Confidential Information and PBS organizational information, etc. Therefore, it is agreed and understood that this information shall be recognized by the CLIENT as proprietary and confidential (collectively referred to hereinafter as “Confidential Information”.
2. CLIENT understands that PBS makes no warranties, either express or implied, regarding the accuracy of financial, historical, or other information provided to PBS by its credit union members, borrower, guarantors, applicants or their representative or agents.
3. CLIENT understands that PBS makes no warranties to any party, either express or implied, regarding the accuracy of its credit recommendations, credit memos, risk ratings, collateral value, or any other opinion expressed by it regarding the repayment capacity or quality of any loan underwritten or serviced by PBS.
4. PBS will not knowingly provide CLIENT with information it knows to be materially false or inaccurate, nor will it withhold material information that it believes would unfairly or falsely induce a third party lender to fund a loan or loan participation offer.
5. CLIENT warrants and agrees that it will not independently solicit commercial loan participations for purchase or sale from PBS’s clients without PBS’ prior consent.
6. CLIENT warrants and agrees that it will not knowingly solicit PBS’ or its member credit union’s members, borrowers and/or applicants on its own behalf or on behalf of its own clientele.
7. CLIENT warrants and agrees that all such Confidential Information may be obtained from PBS and, as such, will be treated as follows:

a. Protection. CLIENT shall hold Confidential Information of the Disclosing Party in strict and absolute confidence and will use the information only for the purposes contemplated in this Agreement. Receiving Party shall use the same degree of care to protect the secrecy or confidentiality of the Confidential Information to the same extent and in the same manner as it uses to protect its own material of like importance, but in all events use at least a reasonable degree of care. Unless consent is otherwise granted by the Disclosing Party, release, access to or use of disclosed Confidential Information to third parties shall be restricted to those Credit Union’s, employees, officers, consultants and advisors of the Receiving Party’s organization who have a need to know the Confidential Information in order to fulfill the purpose relating to the Proposed Transaction for which the Confidential Information was disclosed. The Receiving Party shall advise its Credit Union clients and advisors who will have access to Confidential Information of its confidential nature, and shall instruct such clients, employees, consultants and advisors to abide by the terms and conditions of this Agreement, or a standard CLIENT non-disclosure agreement approved by PBS. The Receiving Party shall have any consultants or advisors who will have access to Confidential Information of the Disclosing Party execute a Non-Disclosure Agreement in a form substantially similar to this Agreement, or a similar agreement approved by PBS. Receiving Party agrees not to use, copy, store or distribute to third parties any forms, policies, procedures, financial information or other materials received by it from Disclosing Party pertaining to its operations, its credit union members, or PBS’ borrowers or applicants.

b. Exclusions. The obligations imposed upon the Parties shall not apply to Confidential Information:

(i) which becomes generally available to the public through no wrongful act of the Receiving Party; or

(ii) which is already lawfully in the possession of the Receiving Party and not subject to an existing agreement of confidentiality between the Parties; or

(iii) which is received from a third party without restriction and without breach of this Agreement; or

(iv) which is independently developed by the receiving Party; or

(v) which is furnished to a third party by the Disclosing Party without similar restrictions to the third party’s rights; or

(vii) which is disclosed pursuant to the binding order of a government agency or a court, so long as the Disclosing Party provides the other party with notice of such requirement prior to any such disclosure.

c. Return of Information. The original and all copies of all Confidential Information or any part thereof shall be returned by the Receiving Party within five (5) business days of a written request issued by Disclosing Party, and Receiving Party may not, without the prior written consent of the Disclosing Party, retain a copy of the Confidential Information.

d. Absence of Grant of Rights. All proprietary rights and interests in and to a Party’s Confidential Information shall remain such Party’s property. No rights by license or otherwise in any Confidential Information are granted by this Agreement to the Receiving Party, whether under any trademark, patent or copyright, or applications which are now or may thereafter be owned by the Party. None of the Confidential Information which may be submitted or exchanged by the Parties shall constitute any representation, warranty, assurance, guarantee or inducement by either Party to the other with respect to the infringement of trademarks, patents, copyrights or any right of privacy, or other rights of third persons. The Receiving Party may not make any derivative works of Confidential Information provided to it by the Disclosing Party without the Disclosing Party’s consent. The Disclosing Party shall own all rights in the derivative works.

e. Obligations. The release of Confidential Information discussed herein shall not obligate PBS the Parties to provide any additional Confidential Information. In addition, neither the release of Confidential Information nor any other fact or circumstance in connection with this Agreement will in any way obligate either Party to proceed further with or enter into the contemplated transaction or any other or further agreement with the Party.

f. Unauthorized Use. CLIENT shall immediately notify PBS upon learning of any unauthorized use or disclosure of such Confidential Information.

g. Standard of Care. The standard of care for protecting such information, imposed on the Party receiving such information, will be that degree of care the Receiving Party uses to prevent disclosure, publication or dissemination of its own proprietary or confidential information. Neither Party shall be liable for the inadvertent or accidental disclosure of proprietary or confidential information if such disclosure occurs despite the exercise of the same degree of care as such Party normally takes to preserve its own such data or information.

8. Additionally, CLIENT warrants to the others that it will not, in any manner whatsoever, circumvent or attempt to circumvent this Agreement in any present or future transactions involved in any of the parties herein or their contacts.

9. This Agreement shall terminate upon the occurrence of the earliest of the following circumstances, unless extended by mutual agreement of the parties:

a. Mutual consent of both parties by execution of a rescission agreement;

b. One (1) year after the effective date of this Agreement.

The obligations imposed under Sections 5, 6 and 7 of this Agreement shall survive any termination.

10. If any legal proceeding is commenced in order to enforce any terms of this Agreement, the prevailing parties shall be entitled to reasonable attorney’s fees and costs involved therein. Any such proceedings shall be governed by the laws of the State of Maryland and brought in the courts of the State of Maryland.

11. The parties warrant that there is no agreement with any other person, firm, or corporation which would cause this Agreement not to have full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have, through duly authorized representatives, executed this Agreement effective as of the day and year indicated in the first paragraph.

**Potomac Business Services, LLC CLIENT: United National Federal Credit Union**

Devin H. Blum By: \_\_\_\_\_\_\_\_\_\_\_\_

President and CEO Name:

Title: Chief Lending Officer

Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: