

Sample Letter of Credit

Village of Heyworth

108 S. Buchanan Street
P.O. Box 439
Heyworth, IL 61745-0439
P: (309) 473-2811
F: (309) 473-2291



NOTE: ADJUSTMENTS TO THE FOLLOWING SUGGESTED FORM FOR LENDING INSTITUTION SHALL BE SUBJECT TO VILLAGE ATTORNEY APPROVAL AS TO FORM AND CONTENT

LETTER OF CREDIT

Date:

*Mayor and Board of Trustees
Village of Heyworth
108 S. Buchanan St.
Heyworth, IL. 61745*

Ladies and Gentlemen:

We hereby establish our Irrevocable Letter of Credit No. ____ in your favor at the request of and for the account of _____ (the "Owner), as Subdivider under a Subdivider's Agreement and Bond, up to an aggregate amount of _____ dollars (\$,000.00) available by your drafts drawn at sight on us.

Any such drafts must state that they are drawn under Irrevocable Letter of Credit No. , dated _____, and the amount cannot exceed the amount endorsed on the Letter of Credit. Any such drafts must be drawn and negotiated upon the signature of an authorized officer of the Village of Heyworth, but not later than two (2) years from the date hereof, unless otherwise extended by the failure of the undersigned to give notice of expiration to the Village as hereinafter required.

Any such drafts must be presented only in the event that the Board of Trustees of the Village of Heyworth has passed an ordinance or resolution declaring a default under an Agreement and Bond by and between _____ and the Village of Heyworth concerning construction or repair in a subdivision known as _____ in accordance with the provisions of all applicable laws, ordinances, codes and regulations, including the Heyworth Subdivision Ordinance, as amended. In the event such an ordinance or resolution is not passed, this Letter of Credit shall be null and void. Certification by the Clerk of the Village of Heyworth that such an ordinance or resolution has, or has not been passed shall be conclusive evidence of such fact. The Board of Trustees of the Village of Heyworth shall release said bond upon satisfaction of the conditions of the Agreement and Bond, all in accordance with the Village of Heyworth Subdivision Ordinance, as amended. In the event that a default has been

declared by the Village, a certified copy of the Ordinance or Resolution declaring same shall accompany any draft presented to the drawee.

This Irrevocable Letter of Credit shall expire on _____ (date two years from execution) provided, however, the undersigned shall notify the Clerk of the Village of Heyworth, Illinois, by certified mail, return receipt requested, at least forty-five (45) days prior to said expiration, that said Letter is about to expire.

In no event shall this Irrevocable Letter of Credit or the obligations contained herein expire except upon prior written notice, it being expressly agreed by the undersigned that the above expiration date shall be extended as shall be required to comply with this notice provision.

The undersigned agrees and hereby stipulates that all acts, requirements or other pre-conditions for the issuance of this Irrevocable Letter of Credit have been completed.

We hereby agree with the drawers, endorsers, and bona fide holders of all drafts drawn under and in compliance with the terms of this credit, that such drafts will be duly honored upon presentation to the drawee.

If, within ten (10) days of the date of any draft drawn under and in compliance with the terms of this irrevocable Letter of Credit is presented, we fail to honor same, we agree to pay all attorney fees, court costs, and other expenses incurred by the Village of Heyworth in enforcing the terms of this Letter of Credit.

Except as far as otherwise expressly stated, this credit is subject to the Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication #500 (as updated, from time to time).

Very truly yours,

Bank Executive Lending Officer