

Sample Letter of Credit
City of Saco

(Date)

City of Saco
300 Main Street
Saco ME 04072

RE: Letter of Credit to City of Saco for completion of improvements for ABC Subdivision/Site Plan

Gentlemen:

This Letter of Credit (LOC) is issued for the account of John Doe dba ABC Development Co. (the "Developer").

The City of Saco, Maine is hereby irrevocably authorized to draw on XYZ Bank (the "Bank") an aggregate amount not to exceed \$ _____. Partial drawings under this LOC are permitted.

This Letter of Credit shall expire only upon acceptance by the City of all improvements offered to the City, and/or upon receipt by the City of record drawings found satisfactory by the City. This LOC may not be drawn upon after acceptance by the City of all improvements offered to the City, and/or upon receipt by the City of record drawings found satisfactory by the City.

This Letter of Credit shall, however, expire at such earlier date as this Bank shall have received a signed written statement by the City Administrator and City Planner that the Developer has satisfactorily constructed and completed the construction items in accordance with approved plans.

Notwithstanding the foregoing, if the City of Saco gives this Bank written notice by its City Administrator and City Planner that the Developer has failed to satisfactorily construct and complete the construction items in accordance with City ordinances and regulations and the above cited plans, then the City has the right to draw funds under this Letter of Credit in order to construct and complete the same.

Accordingly, funds drawn under this Letter of Credit are available to the City against your sight drafts drawn on us stating that the draft is "drawn under XYZ Bank Letter of Credit" to be accompanied by a signed written statement by the City Administrator and City Planner that request for payment is due to the default or failure of Developer to satisfactorily construct and complete the construction items in accordance with City ordinances and regulations, and the above cited plans. Presentation of such drafts and statement shall be made before 2:00 p.m. on a business day at the XYZ Bank, 10 Main Street, Anywhere, Maine.

This Letter of Credit is established for 150% of the construction cost of all required improvements, including but not limited to the following: utility installation, landscaping, paving, work within ROW, road construction,

drainage, loam & seed, and sediment & erosion control. To establish the amount of the Letter of Credit, the applicant has provided the City with itemized, per unit cost estimates, and a construction schedule prior to the start of site work.

The aggregate amount of this Letter of Credit may be reduced for items of construction completed according to the approved plans to the satisfaction of the City Planner as evidenced by written notice from the City Administrator and City Planner to the Bank.

This Letter of Credit is not transferable.

We hereby agree that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us upon delivery of the drafts and statements as specified herein. Payment under this Letter of Credit shall be made in immediately available funds to your account as set forth in your sight draft.

Only the City of Saco may make drawings under this Letter of Credit.

This Letter of Credit shall be governed by and construed in accordance with the Uniform Commercial Code of the State of Maine.

Yours truly,

XXX X.XXXXX
Bank Officer