

 <p>SAMPLE LETTER OF CREDIT</p>	<p>[FINANCIAL HOUSE LETTERHEAD] [ADDRESS] [CITY, STATE ZIP] [PHONE NUMBER] [FAX NUMBER]</p>
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[ISSUE DATE]

IRREVOCABLE LETTER OF CREDIT NO. **[NUMBER]**

APPLICANT:	[CUSTOMER/DEVELOPER] [ADDRESS] [CITY, STATE ZIP]	BENEFICIARY:	County of Kane c/o County Engineer 41W011 Burlington Road St. Charles, Illinois 60175
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PROJECT
NAME:

EXPIRATION: **[2 YRS FROM ISSUE]**

Dear County Engineer:

We, **[FINANCIAL HOUSE NAME]**, insured by FDIC, hereby establish our Irrevocable Letter of Credit in favor of the County of Kane and authorize the County Engineer or his/her successor in office to draw on us at sight for up to an aggregate amount of **[AGGREGATE AMOUNT (\$XXX,XXX.XX)]** Dollars, effective **[ISSUE DATE]** and expiring **[EXPIRATION DATE]**.

We understand that **[APPLICANT]** has made application to the County Engineer of Kane County to construct certain improvements to **[COUNTY HIGHWAY #XX]**, locally known as **[ROAD NAME]**, and this Irrevocable Letter of Credit shall serve as the Performance Guarantee required by Kane County.

We understand that the sum of this Letter of Credit is derived from an estimate of **[ENGINEER]**, a licensed and registered Engineer in the State of Illinois. The Engineer has itemized the estimate as follows:

Engineer's Estimate of Probable Construction Cost	[\$XXX,XXX.XX]
Construction Observation	[\$X,XXX.XX] (7.0% of Estimate)
Total*	[\$XXX,XXX.XX]
Contingency	[\$XX,XXX.XX] (18% of Estimate)
Total aggregate sum of credit	[\$XXX,XXX.XX] (25% of Estimate)

We understand that this Letter of Credit Agreement may be modified in that eliminating the cost of any item described in the Engineer's Estimate from the aggregate sum as follows may reduce the aggregate sum of credit:

The County Engineer or his/her agent or successor in office must certify in a signed statement to **[FINANCIAL HOUSE]**, "That the work described in a particular line item has been properly completed and the County of Kane (Beneficiary) consents to modification of the Letter of Credit Agreement and must state; the amount of reduction; which line item is affected; and the amount of the aggregate sum of credit remaining as modified."

The County Engineer or his/her agent or successor in office may modify this letter of credit for plan review & construction observation to satisfy outstanding debts for engineering plan review or construction observation owed beyond thirty (30) days delinquent. A reduction in the letter of credit will not be granted if any previous bills have not been paid to the Engineer for design review or construction observation.

We understand that under no circumstances may the aggregate amount of this letter of credit be reduced below ten percent (10%) of the aggregate amount, a sum of **[10% AMOUNT (\$XX,XXX.XX)]** Dollars.

The sum of **[10% AMOUNT (\$XX,XXX.XX)]** Dollars will remain available to the County of Kane throughout the life of this Letter of Credit.

In no event will a draft be honored pursuant to this Letter of Credit unless the County Engineer presents a notification of default signed by the County Engineer (signed as such) stating that "**[APPLICANT]** has failed to satisfactorily complete or carry on the work of the installation and construction of the required improvements."

We understand that the ten percent (10%) of the aggregate sum of the Letter of Credit, a sum of **[10% AMOUNT (\$XX,XXX.XX)]** Dollars is to be used to make any additional repairs or modifications for a period of one (1) year after all the improvements have been completed.

This Irrevocable credit established by the **[APPLICANT]** shall be in force until **[EXPIRATION DATE]** and shall remain in effect without regard to any default in payments of sums owed to the **[FINANCIAL HOUSE]** by our customer and without regard to other claims which we may have against **[APPLICANT]**.

Sixty (60) days prior to the expiration of this credit, we shall notify the County of Kane, by registered letter addressed to the County Engineer of the County of Kane, return receipt requested, of the impending expiration date. This commitment shall not terminate regardless of any other provision contained herein, without the County Engineer being notified in writing by registered or certified mail sixty (60) days prior to the expiration.

The undersigned institution hereby represents and warrants that is has full power, right and authority to deliver this Irrevocable Letter of Credit, that the same is within all lending limits of this institution, and is binding, in accordance with the terms contained herein on the undersigned institution.

We understand that no oral modification of this Letter of Credit will be effective and that it contains the entire agreement between the County of Kane and the **[FINANCIAL HOUSE]**. We also understand that the laws of the State of Illinois will control.

We engage with you that all drafts drawn under and in compliance with the terms of this credit will be duly honored by us if presented at this office on or before the expiry date.

This credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication 500.

Yours truly,

[SIGNATURE OF FINANCIAL HOUSE OFFICER]

[NAME OF FINANCIAL HOUSE OFFICER]

[TITLE]