

(SAMPLE)
IRREVOCABLE LETTER OF CREDIT

DATE:

ISSUED TO: City of Crystal Lake
100 West Woodstock Street
Crystal Lake, IL 60014

Letter of Credit

ISSUED BY: (BANK NAME)
(ADDRESS)

Ladies and Gentlemen:

We hereby issue our Irrevocable Letter of Credit in your favor for the account of (DEVELOPER-CONTRACTOR) for an amount or amounts not to exceed the aggregate amount of \$____ available by your draft or drafts at sight on the (BANK NAME - ADDRESS) effective on the date hereof and expiring at our office at the close of business on _____, 20_. This letter is issued for: Items listed on the attached Schedule "A", all to be constructed in accordance with the City Ordinances and Plans and Specifications approved by the City of Crystal Lake.

In the event the Developer/Contractor fails to complete these improvements, we hereby authorize the City of Crystal Lake to draw drafts at sight on the (BANK NAME) up to the aggregate amount of \$____. The City of Crystal Lake will furnish on Notice in writing (BANK NAME) of any non-performance or default on the part of the Contractor-Developer. In the event the work is not completed or progress initiated towards completion of the work within 10 days following the date of the Notice is received by the (BANK NAME), the City of Crystal Lake shall proceed to have the work completed.

A dated statement signed by an authorized officer/representative of the beneficiary must accompany drafts on beneficiary's letterhead stating:

"The Developer/Contractor has failed to repair or correct any defects associated with the improvements, and the work has not been completed or progress initiated towards completion of the corrective work within 10 days following the date of the notice to the developer/contractor. We therefore demand payment in the amount of \$_____."

Partial drawings are permitted, and the amount of this letter of credit will automatically be reduced by any amount paid.

The amount of this letter may be reduced upon receipt by the undersigned of a written statement executed by the City Engineer of the City of Crystal Lake, or such other person as may be authorized by the City Manager of the City of Crystal Lake, and signed as such, stating that a particular improvement or portion thereof has been completed and accepted or approved by the City of Crystal Lake. The amount of the reduction shall be specified in said statement. Upon our receipt of such statement, we shall issue an amendment reducing the amount of this letter by the amount set forth in said statement.

Drafts drawn under and in conformity with the terms of this credit will be duly honored upon presentation between the date of this letter and the expiration date set forth above.

This letter of credit expires on _____, 20___ provided the City of Crystal Lake has received from the issuing bank 60 days prior written notice, certified mail of the pending expiration. This letter of credit may expire sooner only upon written release by the City of Crystal Lake.

Any suit, action or other proceeding arising out of or relating to this letter of credit and the transactions contemplated hereby shall be submitted to the jurisdiction of the Circuit Court of McHenry County, Illinois.

(Bank Name)

Accepted by the City of
Crystal Lake

(Address)

BY: _____

BY: _____

TITLE: _____

TITLE: _____

BY: _____

(DATE)

TITLE: _____

(SEAL)

(DATE)