

**INSTRUCTIONS FOR SUBMISSION
OF LETTERS OF CREDIT**

Attached is an Irrevocable Letter of Credit form from the Town of Herndon, Virginia. The Letter of Credit is used to guarantee funds for the completion of public improvements and/or landscaping installations and tree protection in the event the developer fails to construct the required improvements in the agreed upon time frame.

PLEASE FOLLOW THE INSTRUCTIONS LISTED BELOW EXACTLY TO ENSURE EFFICIENT PROCESSING OF YOUR SURETY DOCUMENTS.

- (1) Provide the language on the form to the financial institution issuing the Letter of Credit. The bank must place this language on its stationery. Please follow the language as shown exactly.
- (2) The issue date on the Letter of Credit must be a date **THE SAME AS OR AFTER** the date the contract or agreement is executed by the developer.
- (3) The expiration date of the Letter of Credit must be at least six months *after* the expiration date of the Public Facilities Construction Contract and/or the Conservation Cash Escrow Agreement.
- (4) You must use a financial institution with a local branch authorized to do business in Northern Virginia. Please ask the bank official to provide you with a copy of an out of State bank's authorization to do business in the Commonwealth of Virginia. The branch must be able to honor the Letter of Credit at a location in Northern Virginia.
- (5) If the Letter of Credit is signed by an officer other than the President or Vice President of the bank, the bank will need to include a copy of a bank resolution or a copy of a corporate resolution authorizing the signatory to sign letters of credit for the bank.
- (6) Return the Letter of Credit and all documentation to the Department of Community Development for approval and further processing.

If you should have any questions, please contact Pablo Novelo at the Town of Herndon, (703) 435-6853, or through e-mail: pablo.novelo@herndon-va.gov

[Bank Letterhead]

IRREVOCABLE LETTER OF CREDIT No. _____

Issued in [insert place] on [insert date]

APPLICANT:
[Name of Developer] (APPLICANT)
[address]

BENEFICIARY:
Town of Herndon, Virginia (Town)
777 Lynn Street
Herndon, VA 20170

AMOUNT: U.S. \$ _____

DATE AND PLACE OF EXPIRY:
[insert date]
[insert place]

CREDIT AVAILABLE WITH:
[Insert name of Bank] (ISSUER)

BY: PAYMENT

AVAILABLE BY DRAFTS AT SIGHT DRAWN ON:
[name of local bank]

We authorize the Town of Herndon, Virginia (Town), to draw on [Insert name of bank](Issuer), for the account of [Insert Applicant] up to an aggregate amount of U.S. \$ _____, which we shall make available to the Town at the time Town submits to Issuer a draft payable at sight, this original Letter of Credit, and a written certificate signed by the Town Manager stating:

“The Town of Herndon, Virginia certifies that the Applicant as developer has failed to perform in accordance with a contract with the Town dated _____(contract), relating to a plan known as [insert name of development] and numbered _____. The Town requires \$ _____ for corrections of deficiencies in the development.”

This Letter of Credit is irrevocable and is subject to the following conditions:

1. The Issuer shall honor drafts the Town presents in strict compliance with this Letter of Credit within 24 hours of receipt at [insert branch location and address].

2. The Town’s stated amount on the certificate shall be binding upon the Issuer. The Issuer shall reduce the amount of this letter of credit after receipt and payment of a draft or after receipt of a certified copy of the Town resolution releasing a portion of the security.

3. This Letter of Credit is valid until _____, and shall be

automatically extended in one-year periods unless Issuer notifies the Town's Director of Community Development at least sixty days prior to expiry, at the above address in writing and by certified mail, that the Issuer elects not to renew this Letter of Credit.

4. If Issuer elects not to renew this letter of credit, the Town may draw all or part of the funds by means of draft at sight, accompanied by a written certificate stating:

"The Town has not released the Applicant as developer from liability or obligations under the contract and the proceeds of its draft will be used to pay for the liability or obligations for which the Applicant was obligated under the contract."

5. Issuer shall honor this Letter of Credit as many times and in such amounts, up to the aggregate amount or amounts specified in this Letter of Credit, as to which the Town Manager, presents to us drafts with appropriate certification.

6. Issuer shall honor this Letter of Credit according to its terms and shall not evaluate the terms, performance, or non-performance of the contract. Issuer waives notice of any change, extension, alteration, or addition to the contract.

7. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600, as amended and as may be amended in the future.

8. All terms of this agreement and Letter of Credit shall bind Issuer, its assigns, and other successors in interest.

Name of Applicant:

by _____

Title:

Address:

Name of Issuer:

by _____

Title:

Address:
