

Sec. 6-1. Letter Of Credit:

SAMPLE

LETTER OF CREDIT

(name of bank)

(City bank's located), (State)

Irrevocable Credit No. Date: , 20

City of Rock Island, Illinois All drafts must be marked:

___, Illinois"Drawn under Credit No. ,

dated _____, 20

Gentlemen:

We hereby open an Irrevocable Letter of Credit in the amount of

___ (\$) in your favor for the account of

(Developer), the developer of (name of project) ,

proposed in the City of Rock Island ___ , Illinois,

or within its territorial jurisdiction, for the benefit of the City of Rock Island.

Said money hereunder shall be available by your drafts at sight drawn on us drawn in the name of the City of Rock Island, Illinois. All drafts so drawn must be marked "Drawn under (name of bank), Credit No. dated , 20 ."

Drafts must be accompanied by a signed statement by the Public Works Director of the City of Rock Island, Illinois, that the request is for the installation or construction of improvements required pursuant to the plans, specifications, and cost estimates dated , 20 , and approved by the City of Rock Island, Illinois, and on file with the Public Works Director. Further, all requests for disbursements under this Letter of Credit made prior to (must be 2 years after filing), 20 , shall be submitted by developer and accompanied by a certified estimate of units and value of work completed with contractor's sworn statement and waiver of mechanics' liens, all approved by the Developer's engineer and the Public Works Director of the City of Rock Island, Illinois. It is understood as to all disbursements that the Public Works Director shall approve partial drawings only as long as there remains a sufficient balance to the Credit to cover his then

current estimate of costs for the required improvements which at that time remain to be completed but in no case shall his approval exceed ninety percent (90%) of the value of work completed.

In the event that all of the work for the improvements is not completed to the satisfaction of the City/County on or before (1 day short of 2 years after filing), 20 , the funds remaining under this Letter of Credit shall be available to the City of Rock Island, Illinois upon presentation of their draft at sight drawn on us in the name of the City of Rock Island, Illinois. This draft so drawn must be marked "Drawn under (name of bank), Credit No. , dated , 20 ." Further, such draft shall be accompanied by a signed statement by the Public Works Director of the City of Rock Island, Illinois as follows: "I, (name), Public Works Director for the City of Rock Island, Illinois, do hereby certify that work on required improvements for the project named has not been completed to the satisfaction of the City of Rock Island, Illinois on or before (one day short of two years after filing), 20 .

This Credit shall expire on (2 years after filing), 20 ; provided, however, the undersigned shall notify the Public Works Director by certified mail, return receipt requested, at least 90 days prior to expiration date that this Letter of Credit is about to expire and provided, however, in no event shall this Credit 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 further agrees that this Credit shall remain in full force and effect and pertain to any and all amendments or modifications which may be made from time to time to the specifications, and agreements for the project, without notice from the City/County of the amendments or modifications.

All acts, requirements and other preconditions for the issuance of this Irrevocable Letter of Credit have been completed.

We hereby engage with the drawers, endorsers, and bona fide holders of drafts, drawn under and in compliance with the terms of this Credit, that same shall be honored upon presentation to the drawer. This Credit must accompany any draft which exhausts the Credit and must be surrendered concurrently with the presentation of such draft.

We hereby undertake and engage that all demands made in conformity with this Credit will be honored upon presentation. If, within ten (10) days of the date any demand made in conformity with this Credit is presented, we fail to honor same, we agree to pay all attorneys' fees, court costs, and other expenses incurred by the City/County of in enforcing the terms of this Credit.

Dated: __, 20 .

(name of bank)

By

(title)

Attest:

(title)

(Ord. 33-2004, § 1, 3-22-2004)