

IRREVOCABLE LETTER OF CREDIT

BENEFICIARY: Town of La Plata
PO Box 2268
La Plata, MD 20646

APPLICANT: _____

DATE: _____

NUMBER: _____

EXPIRATION: _____

PRINCIPAL AMOUNT: \$ _____

Ladies and Gentleman:

We hereby issue this Irrevocable Letter of Credit (the "Credit") in the Town of La Plata's (Town) favor up to the aggregate amount of U.S. _____ and _____ (\$ _____).

This credit is issued to secure the completion and installation of Grading, Site Development, public infrastructure, Stormwater Management Installation and Sediment Controls at the property location of _____, La Plata, MD 20646, on or before _____.

We engage with you that we will fully honor any draft drawn at sight under this Credit provided that:

1. Such draft is presented at our counters on or before _____, or before such other extended expiration date as may result from any automatic renewal of this Credit as hereinafter set forth;
2. Such draft is accompanied by this original Credit;
3. Such draft is marked "Drawn under Irrevocable Letter of Credit No. _____, Dated _____";
4. Such draft is accompanied by either:
 - a) Statement signed by the Town Manager certifying that as of the date of such draft, the _____ has failed or defaulted in the completion and installation of all public improvements required of the developer or owner, and/or the performance of any other obligation for which financial security is required under this Chapter, or under the terms if any relevant annexation agreement or performance guarantee agreement; or
 - b) A statement signed by the Town Treasurer certifying that the Town of La Plata has received written notice of _____ election not to renew this credit as hereinafter set forth.

The principal amount of this Credit shall automatically be deemed to be reduced by the amount of any drafts drawn hereunder and honored by _____. Furthermore, the principal amount of this Credit may from time to time be reduced to such amounts as may be approved in writing by the Town pursuant to the written recommendations of the Town, provided, however, that neither the

issuance of this Credit nor any such reduction shall constitute any waiver of any rights that the Town may have against _____, nor shall the issuance of this Credit or any such reduction serve to limit, modify or otherwise excuse the _____ performance of any other obligation owed to the Town. However, unless and until the Town accepts in writing and pursuant to the written recommendation of the Town or their designees the completion and installation of all public improvements required of the developer or owner and/or the performance of any other obligation for which financial security is required under this Chapter or under the terms of any relevant annexation agreement or performance guarantee agreement, in no event shall the Town be obligated to issue or recommend in writing any reduction of this Credit which would reduce the then-current principal balance of this Credit to an amount which less than the sum of :

- a) Ten percent (10%) of the original principal amount of this Credit; and
- b) The estimated cost necessary to complete the construction and installation of all public improvements required of the developer or owner and/or the performance of any other obligation for which financial security is required under this Chapter, or under the terms of any relevant annexation agreement or performance guarantee agreement.

Notwithstanding anything herein to contrary, this Credit, shall automatically renew itself for successive terms of two (2) years from the above-stated or any future expiration date without other amendment or modification hereto unless and until the Town receives, not less than ninety (90) days before the above-stated or any future expiration date, written notice from _____, via registered mail, return receipt requested or via nationally recognized overnight courier, that _____ elects not to renew this Credit for any such additional successive terms. All drafts drawn at sight hereunder during any such additional successive term shall be fully honored by _____ when presented at our counters in accordance with the terms herein above set forth. In the event that the Town receives such notice from the _____ prior to the expiration of the then-current term of Credit, then the Town may at any time thereafter within such then-current term of this Credit draw its draft on sight for the remaining balance of this Credit in accordance with the terms and conditions herein above set forth.

In the event that _____ fails to honor any draft of the Town drawn under this Credit in conformity with its terms, _____ shall pay to the Town, in addition to any and all damages resulting from such dishonor, all attorney, expert witness fees, professional service fees, court cost incurred by the Town in connection with its efforts to obtain the honor of such draft, regardless of whether or not litigations ensues in relation thereto.

This Credit is subjected to the provisions of Chapter 5 of the Uniform Commercial Code, 810 ILCS 5/5-1-1 *et. seq.* Furthermore, this Credit is subjected to the then-current Uniform Customs and Practice for Documentary Credits (the "UCP"), International Chamber of Commerce Publication No. 500, as revised from time to time, except to the extent that said UCP conflicts with said Chapter 5, or with an express term of this Credit.

_____,

BY: _____

ITS: _____

ATTEST: _____