

**SAMPLE
LETTER OF CREDIT**

Irrevocable Letter of Credit Number _____

Director of Public Works
County of Henrico
P.O. Box 27032
Richmond, Virginia 23273

Date of Issuance:
Issuing Bank Number:
Applicant:
Beneficiary: County of Henrico, Virginia
Face Amount:
Location of Improvements:

Gentlemen:

We hereby open our irrevocable letter of credit number _____ effective on _____ for a period of one year from the date when the street, road and drainage improvements at the above referenced location are accepted by the County of Henrico (the Beneficiary), in the Beneficiary's favor for a sum of U.S. Dollars not to exceed _____ (_____) available by your sight drafts on the _____ Bank (the Bank).

This letter of credit is for the specific purpose of providing the Beneficiary with surety for the construction of the above-described improvements to the design standards determined by the Beneficiary which construction is necessary to correct, to the satisfaction of the Beneficiary, for a period of one year from the date of acceptance by the Beneficiary of the street, road and drainage improvements at the above described location, all damage or deterioration to such improvements and all damage or deterioration to other improvements or work resulting therefrom, in the construction and/or repair or replacement of street or roadway pavement, underlying base material, surface and subsurface structures, curb and gutter, driveway entrances, storm sewers, roadway shoulders, and side ditches, which damage or deterioration occurs, appears, or manifests itself within the boundaries or the public right-of-way and/or any public drainage easement during the one year period. This letter of credit is irrevocable and unconditional.

Drafts herein shall be promptly honored by the Bank when accompanied by:

1. A certified statement, signed by the Henrico County Director of Public Works or his designee, stating that the Applicant has not fully and completely corrected or caused to be corrected, to the satisfaction of the Beneficiary, damage or deterioration on the street, road and/or drainage improvements described above as required by Henrico County at the above described location;
2. A certified statement, signed by the Henrico County Director of Public Works or his designee, stating that the drawing is for the explicit purpose of providing for the repair and/or replacement of the above described improvements as required by Henrico County at the above described location; and,
3. All drafts herein must bear the clause "Drawn under the _____ Bank, letter of credit number _____ dated _____."

We hereby engage with drawers, endorsers and bona fide holders that all drafts drawn in compliance with the terms of this letter of credit shall be duly honored upon presentation and delivery of such documents.

This irrevocable letter of credit shall remain in full force and effect for a period of one (1) year from the date when the above described improvements are fully completed and accepted by the Beneficiary.

This letter of credit may be terminated by the Beneficiary giving a written release to the Applicant and to the Bank stating that the Applicant has furnished the Beneficiary with an acceptable substitute financial guarantee in an amount sufficient for and conditioned upon the repair and/or replacement of the improvements.

This letter of credit is not assignable by the Bank, Beneficiary or Applicant. The Bank, Beneficiary or Applicant further hereby agree that this letter of credit shall be subject to the following provisions:

1. Funds available under this letter of credit shall be paid to the Beneficiary in such amounts and at such times as determined by the Director of Public Works or his designee, in his sole discretion, provided that the amount drawn shall not exceed the face amount of this letter of credit.

The Bank shall have no right, duty, obligation, or responsibility to evaluate the performance or nonperformance of any underlying obligations, contractual or otherwise, between the Applicant and the Beneficiary or between the Applicant and any third party;

2. The Bank hereby agrees that no change, extension of time, alteration or addition to the repair or replacement work to be performed, or the plans or specifications relating to the same, shall in any way affect the Bank's obligation under this letter of credit. The Bank hereby waives notice of any such change, extension of time, alteration or addition on the understanding that no such change, extension of time, alteration or addition shall increase the amount of the Bank's obligation under this letter of credit; and,
3. Approval of this letter of credit by the Beneficiary shall be deemed acceptance thereof without further notice either to the Bank or to the Applicant.

The Bank hereby undertakes to honor all drafts presented to the Bank by the Beneficiary drawn under and in compliance with the terms of this letter of credit.

This irrevocable letter of credit shall be construed in accordance with the "Uniform Customs and Practices for Commercial Documentary credits" promulgated by the International Chamber of Commerce (International Chamber of Commerce Brochure No. 500, 1993 revision) and the provisions of the Uniform Commercial Code - Letters of Credit - Title 8.5 of the Code of Virginia, 1950, as amended.

Very truly yours,

By: _____

Title: _____

(REV. 02/01)