

[Bank Letterhead]

IRREVOCABLE STANDBY LETTER OF CREDIT

DATE ISSUED: _____ LETTER OF CREDIT No: _____

INITIAL EXPIRY DATE: _____ AMOUNT: _____ US \$

PROJECT NAME:

Town of Cary (Subdivision or Site Plan) Project #

CONTACT INFORMATION

BANK:

Name: _____

Phone No: _____

Address: _____

APPLICANT (Developer):

Name: _____

Phone No: _____

Address: _____

BENEFICIARY:

Town of Cary, PO Box 8005, Cary NC, 27512-8005

Correspondence / information to:

Attn: David Johnson, Engineering Field Technician Supervisor

Engineering Department: (919) 469-4030

Phone No: (919) 462-3832

Fax No. (919) 388-1121

Email: david.johnson@townofcary.org

PURPOSE OF LETTER OF CREDIT:

Per Town of Cary Land Development Ordinance (LDO), Chapter 8

(Please check appropriate box)

- Sec. 8.1.6. (A) Completion Guarantee** - Applicant has installed sufficient improvements to provide Project with functional fire protection and has provided the Town with a schedule and cost estimate for the completion of the remaining improvements (copy attached as attachment 1). This Letter of Credit is being provided in an amount equal to one and one-half (1 ½) times (or 2 times when guaranteeing for thoroughfare improvements) the estimated cost of the remaining improvements to guarantee their full and proper installation.
- Sec. 8.1.6. (B) Warranty Guarantee (LDO)** - Applicant has installed required improvements; the improvements have been tested and inspected. This Letter of Credit is being provided in an amount equal to the estimated cost (a set unit value based on quantity of work) for guaranteeing the improvements will be accepted for total maintenance and that their full and proper correction of any workmanship and material has occurred by the developer or that this financial guarantee will be used to complete the work (copy attached as attachment 1).

DECLARATION:

Sir or Madam:

We hereby establish effective immediately, our Irrevocable Standby Letter of Credit No. _____ for a sum or sums not exceeding a total of _____ US Dollars (\$ _____), **in favor of the Town of Cary** for the account of the Applicant, to guarantee the installation of the remaining improvements or warranty as shown (as indicated above) on Attachment 1 for the above-referenced Project ("Improvements"). The Improvements shall be installed in accord with the Town of Cary LDO and all applicable codes, standards and specifications. This Letter of Credit will expire at the close of banking business on _____ (the "Termination Date"), however it will automatically extend for a period of one year from the original Termination Date unless the Letter of Credit has been called by the Town of Cary in accordance with its terms, or the Improvements have been completed and accepted by the Town of Cary, in which case the original Letter of Credit shall be returned by Town to us.

This Letter of Credit is available for payment by presentation of your draft or drafts on us at sight drawn bearing the clause; "Drawn Under (bank) _____, Letter of Credit # _____", and accompanied by the following:

1. The Town of Cary's notarized statement purportedly signed by the Town Manager, or designee, stating: "The Improvements listed on Attachment 1 (see attached) located at the Project _____, have not been completed as required".
2. A copy of this Letter of Credit.

We hereby agree to forthwith honor drafts drawn under and in compliance with the terms of this Letter of Credit upon presentation of documents to us on or before the Termination Date of the Letter of Credit (as may be automatically extended), accompanied by the written certificate referred to above.

Presentation of the draft and statement may be by personal delivery or by way of any national courier service, including Federal Express, Emory, DHL and UPS, and on the next business day following receipt of such statement and draft by us, the draft may be paid by wire transfer in accordance with wiring instructions provided with such letter and draft.

Partial drawings are permitted under this Letter of Credit.

This Letter of Credit shall be governed by the laws of the State of North Carolina (including without limitation, the Uniform Commercial Code as in effect in the state of North Carolina) and the 1983 Revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication 400), but in the event of any conflict, the laws of the state of North Carolina will control. Communications with respect to this Letter of Credit shall be addressed to us at the address shown above.

BY:

Authorized Signature