

Example

IRREVOCABLE STANDBY LETTER OF CREDIT

Applicant/Developer
[Name/Address]

Issuer/Financial Institution
[Name/Address]

Beneficiary/County of Stearns
[Name/Address]

Dear Beneficiary/County of Stearns:

We hereby establish our Irrevocable Standby letter of Credit No. [Number] in your favor, at the request and for the account of Applicant/Developer [Name & Address] up to the aggregate amount of [in words] U.S. dollars \$ [Number], available upon presentation of the following documents by an Authorized Stearns County Official, including the following individuals [Name(s) and/or Title(s)], to an Authorized Representative of the Financial Institution, including the following [Name(s) and/or Title(s)] at [Address of Financial Institution]. The Financial Institution must be an approved Financial Institution located in the United States and insured by the FDIC or NCUA. The Financial Institution must allow Stearns County to draw on the Letter of Credit by sending notice via Certified Mail.

1. A completed sight draft pursuant to the form attached as Exhibit "1", signed by an Authorized Stearns County Official, bearing reference to this Letter of Credit No. [number]; and
2. A signed statement from an Authorized Stearns County Official reading as follows: "The Applicant [Developer (name)] has failed to perform its obligations or otherwise comply with the terms of [identify developer agreement or permit]. I certify that the amount of the draft is payable pursuant to the provisions of Letter of Credit No.[number]."

If Stearns County determines that the Applicant/Developer has failed to carry out its obligations, as defined in [identify developer agreement or permit], Stearns County is entitled to draw on this Letter of Credit in such amounts as Stearns County determines to be needed to carry out the obligations of the Applicant/Developer. Partial and multiple draws upon this Letter of Credit are permitted.

This Letter of Credit is effective as of [date] and shall expire on [date at least one year later], but the expiration date shall be automatically extended/renewed for a period of [at least one year] on [month/day] and on each successive expiration date, unless, at least 120 days before the current expiration date, we notify the County of Stearns and the Applicant/Developer, by certified mail, that we have decided not to extend this Letter of Credit beyond the current expiration date. If, within 60 days of receipt of such notice, the Applicant/Developer fails to make arrangements with us for an extension of the expiration date of this Letter of Credit, or to provide an acceptable replacement financial assurance mechanism acceptable to the County of Stearns, the County of Stearns may draw on the entire unused portion of the credit at any time before the current expiration date.

Whenever the County of Stearns presents a sight draft on this Letter of Credit under and in compliance with its terms, we shall duly honor the draft upon presentation to us and, in accordance with any instructions from the County of Stearns, we shall deposit the amount of the sight draft on the date presented into a designated trust fund in accordance with the instructions of a Stearns County Official.

This Credit is subject to the Uniform Customs and Practices for Documentary Credits, 2007 revision, International Chamber of Commerce Publication No. 600 (“UCP”). As to matters not governed by the UCP, this Credit is governed by the laws of the State of Minnesota (without regard to conflicts of law provisions) and any actions relating to this Letter of Credit shall be venued in Stearns County, Minnesota.

Signature(s) _____

Title(s) _____

Date _____