

**REQUIREMENT FOR
Letter of Credit to be used as Surety Bond in Conjunction with
Subdivision Development Contracts or Project Development
Contracts with the City of Germantown**

1. Letter of credit should not be issued until the Subdivision or Project Development Contract is approved by the Board of Mayor and Aldermen.
2. The beneficiary must be the City of Germantown.
3. All letters of credit must be issued by a bank with an office located in Shelby County, Tennessee.
4. All letters of credit must contain the following statements:
 - A. We hereby issue in your favor our irrevocable standby letter of credit which is available by payment of your draft at sight drawn on (Name of Bank) bearing the clause "Drawn under Letter of Credit No. _____ issued by (Name of Issuing Bank) Shelby County, Tennessee," when accompanied by the following documents:
 1. An official statement from the City of Germantown that (Applicant's Name) has failed to comply with the terms of its development contract with the City of Germantown in regard to the project known as (Project Name).
 2. The original of this Letter of Credit.
 - B. This letter of credit is valid for one calendar year from (Date of Issue) and is automatically renewed for one year periods unless we furnish the City of Germantown with ninety (90) days prior written notice of cancellation or intention not to renew by certified mail, return receipt requested. Upon receipt of such ninety day notice, such notice shall be construed as default granting the City of Germantown the right to draw the full amount of this letter of credit even though no other default or defect exists at that time under the (Subdivision or Project Development) Contract.
 - C. Presentation of this Letter of Credit for payment may be made at the office of (Bank) at (Address) by causing same to be delivered by recognized national carrier without the necessity of the physical presence of a representative of the Beneficiary. The Issuer and the Beneficiary agree that any litigation with regard to this Letter of Credit shall be held before a Court of appropriate jurisdiction in Shelby County, Tennessee.
5. All letters of credit must be irrevocable and remain in effect throughout the warranty period set forth in the (Subdivision or Project Development) Contract and until released by the City of Germantown and must contain the following statements:

We hereby engage with you that drafts drawn and negotiated in conformity with the terms of this Letter of Credit will be duly honored on presentation.

Except as otherwise expressly stated, this Letter of Credit No. _____ is subject to the (one of the following):

- (i) Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce – Publication No. 600; or
- (ii) International Standby Practices 1998.

6. Attached is a form for an Irrevocable Letter of Credit which conforms to the above requirements. If this form is not used by an issuer for the Letter of Credit, there may be a delay in approval of the Letter of Credit which may result in a delay in starting the project.

IRREVOCABLE LETTER OF CREDIT

Issue Date: _____

Irrevocable Letter of Credit # _____

Beneficiary:

Applicant:

City of Germantown

Name _____

1920 S. Germantown Road

Street Address _____

Germantown, TN 38138

City, State & Zip _____

Amount: _____

Expiration Date: _____

We hereby issue in your favor this irrevocable standby letter of credit which is available by payment of your draft at sight drawn on (Name of Bank) bearing the clause "Drawn under **Letter of Credit No.** _____ issued by (Name of Issuing Bank), Shelby County, Tennessee, when accompanied by the following documents:

1. An official statement from the City of Germantown that (Applicant's Name) has failed to comply with the terms of its development contract with the City of Germantown in regard to the project known as (Project Name).
2. The original of this Letter of Credit.

Presentation of this Letter of Credit for payment may be made at the office of _____ **(Bank)** at _____ **(Address)** by causing same to be delivered by recognized national carrier without the necessity of the physical presence of a representative of the Beneficiary. The Issuer and the Beneficiary agree that any litigation with regard to this Letter of Credit shall be held before a Court of appropriate jurisdiction in Shelby County, Tennessee.

This letter of credit is valid for one calendar year from _____ **(Date of Issue)** and is automatically renewed for one year periods unless we furnish the City of Germantown with ninety (90) days prior written notice of cancellation or intention not to renew by certified mail, return receipt requested. Upon receipt of such ninety day notice, such notice shall be construed as default granting the City of Germantown the right to draw the full amount of this letter of credit even though no other default or defect exists at that time under the Project No. _____ **(Subdivision or Project Development)** Contract.

We hereby engage with you that drafts drawn and negotiated in conformity with the terms of this Letter of Credit will be duly honored on presentation. Except as otherwise expressly stated, this **Letter of Credit No.** _____ is subject to the (Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce – Publication No. 600) or (International Standby Practices 1998).

Signature: _____
Official Bank Representative