

Sample: Water and Sewer Letter of Credit for Use with the Public Improvements Agreement (PIA)

MUST BE ON BANK LETTERHEAD

Date of Issue: _____

Initial Date of Expiry: _____

Issue Number: _____

Beneficiary: Frederick County, Maryland
c/o Division of Water and Sewer Utilities
4520 Metropolitan Court
Frederick, Maryland 21704

Re: IRREVOCABLE LETTER OF CREDIT

We hereby establish our irrevocable letter of credit in your favor for the account of: (NAME AND ADDRESS OF CUSTOMER PROCURING THIS LETTER), up to an aggregate amount of \$ _____ available by your drafts at sight accompanied by: A signed statement that the funds are being drawn and required in accordance with a Public Improvements Agreement between Frederick County, Maryland and (NAMES OF ALL OTHER PARTIES TO THE PUBLIC IMPROVEMENTS AGREEMENT) for the water and sewer contract [contract number].

Drafts must be drawn and negotiated prior to expiration at our counters, or by facsimile with original documents sent by certified mail within 72 hours.

This Letter of Credit shall be deemed automatically renewed without amendment for successive one-year periods from the initial and any future expiration date(s). Cancellation of this document may only occur 60 days after written notice of the intent to cancel has been sent by certified mail, return receipt requested to Frederick County at the address specified below.

Each draft must state that it is drawn under the Irrevocable Letter of Credit of (ISSUER) number _____ dated _____.

Partial draws are permitted.

This Letter of Credit is not transferable or assignable without written consent of (NAME OF ISSUING BANK).

Requests for reduction or cancellation shall be submitted to:

Frederick County Division of Water and Sewer Utilities
4520 Metropolitan Court
Frederick, MD 21704

This Letter of Credit is subject to the "Uniform Customs and Practice for Documentary Credits, 2007 Revision" of the International Chamber of Commerce, Publication #600.

We hereby agree that all drafts under and within the terms and amount of this letter of credit accompanied by the documents above specified will be duly honored upon presentation to the drawee. Presentation of drafts via fax will also be accepted in lieu of a Maryland bank or location.

Yours truly,

* This letter of credit must be issued by a Maryland bank, or include a Maryland location for presentment of drafts.

Revised 7/22 KLM