

IRREVOCABLE STAND-BY LETTER OF CREDIT

CREDIT: #  
EXPIRE:

DATE

APPLICANT

BENEFICIARY  
Village of Carol Stream  
500 N. Gary Avenue  
Carol Stream, IL 60188

CREDIT AVAILABLE WITH \_\_\_\_\_  
BY PAYMENT AGAINST PRESENTATION OF THE  
DOCUMENTS DETAILED HEREIN AND OF YOUR  
DRAFTS AT SIGHT DRAWN ON US.

We hereby issue our irrevocable Stand-By Letter of Credit in favor of the Village of Carol Stream, DuPage County, Illinois, in the amount of \$ \_\_\_\_\_, of United States Dollars, available by your draft or drafts at sight on \_\_\_\_\_ effective on the date hereof and expiring at our office at the close of business on \_\_\_\_\_. This Letter of Credit is intended to secure the completion of items on the attached Schedule "A". This Letter of Credit may be drawn upon for the following reasons:

1. The developer/contractor has failed to satisfactorily complete or carry on the work of the installation and construction of the required improvements, in accordance with a schedule approved by the Village, or if no schedule is approved or even if no one is set out, in accordance with the faster pace necessitated by the installation of private development which requires public improvements to service the private developer; or
2. No new Letter of Credit or an amendment of the Letter of Credit, containing equivalent terms, has been submitted within 60 days of the actual expiration of this Letter of Credit.
3. The public improvements or other improvements covered by this Letter of Credit have been or are likely to be, the subject of liens or other claims by contractors, subcontractors or third-parties; or,
4. If the sums remaining within the Letter of Credit are believed to be insufficient to complete the improvements covered by this Letter of Credit.

In the event that one or more of the items set forth above exists, the Village of Carol Stream may draw drafts at sight on \_\_\_\_\_ up to the aggregate amount of the Letter of Credit accompanied by a letter from the Village Manager of the Village of Carol Stream certifying that one or more of the events set out above has occurred. In addition, except for a sight draft brought about by a failure to submit a new Letter of Credit, the sight draft must

be accompanied by a notice to the contractor/developer dated not less than 10 days prior to the draft requesting that the inadequacy be corrected.

The Village need not draw all of the funds on each occasion, but each draw for funds shall be authorized in the manner set forth above. The municipality shall use such funds only for payments for materials and labor to such contractors or subcontractors retained by the municipality who have completed the improvements in substantial accordance with the plans and specifications of the contractor/developer or for the payment for the actual costs of the Village in enforcing this Irrevocable Standby Letter of Credit. Payments under this Irrevocable Standby Letter of Credit shall be made within three (3) business days of receipt of said draft.

The amount of this Letter of Credit may be reduced upon receipt by the undersigned of a written statement executed by the Village Engineer stating that a particular improvement or portion thereof has been completed, paid for to the best of the Village's knowledge and accepted or approved by the Village. The amount of the reductions shall be specified in said statement. Upon our receipt of such statement, we shall issue an amendment reducing the amount of this Letter of Credit by the amounts set forth in said amendment.

The Irrevocable Stand-By Letter of Credit established by us shall be in force until the expiration date and shall remain in effect without regard to any default in payment sums owed us by the contractor/developer and without regard to other claims which we may have against the contractor developer of the Village. At least 90 days prior to the expiration of this Irrevocable Letter of Credit, we shall notify the Village Manager of the municipality by Certified Mail Return Receipt Requested of the impending expiration date. This commitment shall not terminate without such notice, which may also be given after the expiration date.

This Letter of Credit is subject to the Uniform Customs and Practices for Documentary Credits (1983 Revision), International Chamber of Commerce, Publication No. 400 provided that no such provision shall apply which is specifically contrary to the terms set out above.

The original and any amendments to this Letter of Credit must accompany all drawings. The name of our Bank, as well as the number of date of this Letter of Credit, must appear on all drafts under its terms.

In the event that we do not make payouts in accordance with this irrevocable Letter of Credit and the Village is required to file a lawsuit to compel compliance with this agreement and shall prevail, we will be obligated to pay to the Village its reasonable expenses and costs of litigation including attorneys' fees.

IN WITNESS WHEREOF \_\_\_\_\_

has hereunto set his hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 2001

\_\_\_\_\_  
(OWNER)