

SAMPLE IRREVOCABLE LETTER OF CREDIT

Kevin Nadeau, Chairman
Durham Board of Selectmen
Durham Town Offices
630 Hallowell Road
Durham, Maine 04222

Re: Letter of Credit for:
[Name of Developer]
[Name of Subdivision]
Durham, Maine

Dear Mr. Nadeau:

This letter will confirm to the Town of Durham that *[Name of Lending Institution]* has issued a loan commitment to *[Name of Developer]* for the purpose of constructing all required improvements in the "*[Name of Subdivision]*" Subdivision.

[Name of Lending Institution] will set aside \$XXX,XXX in a Construction Escrow Account for completion of the required improvements. This account can be drawn upon by the Town of Durham in the event that *[Name of Developer]* fails to complete steps A through J listed below for "*[Name of Subdivision]*" Subdivision in accordance with the approved subdivision plan and Planning Board approval conditions at least sixty (60) days prior to the expiration date of this irrevocable letter of credit on *[Date of Expiration]*.

Required subdivision improvements:

A. Clear and grub roadways at width of XX feet @ \$X/ft.	\$X,XXX
B. Shape sub-base and grade it @ \$X/ft.	\$X,XXX
C. Install X under-drain culverts @ \$X/ft.	\$XX,XXX
D. Apply and shape X in. gravel base @ \$X/ft. x X,XXX feet	\$XX,XXX
E. Apply and shape X in. crushed gravel @ \$X/ft. x X,XXX feet	\$XX,XXX
F. Apply X in. paving binder course @ \$X/ft. x X,XXX feet	\$XX,XXX
G. Apply X in. paving surface course @ \$X/ft. x X,XXX feet	\$XX,XXX
H. Construct stormwater treatment facilities	\$XX,XXX
I. Install erosion & sedimentation controls	\$XX,XXX
J. Install fire protection water supplies	\$XX,XXX

[Name of Lending Institution] understands that *[Name of Developer]*, or the contractor, will notify the Road Commissioner and Code Enforcement Officer before any of the above work has begun and will obtain their approval in writing as each phase of the construction is completed. Upon said written approval, the amount of this letter of credit may be reduced to the amount of work remaining to be completed.

This account will expire when the Town of Durham acknowledges in writing to *[Name of Developer]* that the work outlined in Steps A through J has been completed in accordance with Durham's

subdivision regulations and the approved plans of "[Name of Subdivision]" Subdivision. Any funds remaining in the account sixty (60) days prior the expiration date stated above for work outlined in Steps A through J which has not been completed and approved by the Town on that date will be released to the Town on or before the expiration date of the irrevocable letter of credit to complete such work.

Drafts drawn upon this account must be for this particular subdivision and to complete any unfinished work outlined above. Furthermore, drafts must be accompanied by itemized statements showing costs of work to be completed and must be submitted prior to the expiration date. The Town of Durham will not be responsible for repayment or interest cost for any funds released to the Town for work not completed on or before the expiration date.

Very Truly Yours,

[Name of Bank Officer]
Loan Officer

SEEN AND AGREED TO: _____
[Name of Developer]

The Town of Durham hereby Your Town hereby accepts this original letter as evidence of [Name of Developer]'s obligation to be performed.

Kevin Nadeau, Chairman
Durham Board of Selectmen