

FOR TOWN USE ONLY:

Project name: _____

Plan Number: _____

Developer: _____

IRREVOCABLE LETTER OF CREDIT NO. _____

Town of Warrenton, Virginia

Post Office Drawer 341

Warrenton, Virginia 20188

(Date)

Re: _____

Our Customer (Developer's Name)

Project Name: _____

GENTLEMEN:

We hereby establish our Irrevocable Letter of Credit with the Town of Warrenton, Virginia ("Town") to draw on _____, (Name of Bank or Savings and Loan Association) for the account of _____ ("Developer") up to an aggregate amount of \$ _____ U. S. Dollars, which amount, or at the Town's discretion any portion thereof, will be made available to the Town upon its submission to us of a sight draft accompanied by a written certificate stating that the Developer has failed to perform in accordance with a contract dated _____, 201_, between Developer and the Town relating to a plan known as _____ (Plan Name and Number) and that the Town has not released liability under that contract or any extensions thereof, and we agree to honor all such drafts. This Letter of Credit is irrevocable. This Letter of Credit is also unconditional except to the extent as is otherwise expressly provided herein.

We hereby further agree that:

1. Whether or not the Developer has failed to perform in accordance with the contract is a determination to be made by the Town at its sole discretion and that we must accept the Town's determination.

2. Drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored within twenty-four (24) hours of receipt if presented at our offices on or before the expiration date of _____, or at any time thereafter, provided such drafts are presented to our office during any period during which this letter is automatically extended/renewed pursuant to the provisions of paragraph 3 below.

3. This Letter of Credit will be for an additional period of twelve (12) months from said expiration date and for subsequent additional periods of twelve (12) months each from the expiration date of the immediately prior twelve (12) month extension period unless at least thirty (30) days prior to an expiration date we notify the Town Manager at the then official address of the Town in writing and by registered or certified mail that we elect not to renew this Letter of Credit; provided, however, in such case, within the thirty (30) days following its receipt of our notice, the Town may draw hereunder by means of its sight draft on us, accompanied by a written certificate stating that the Town has not released the Developer from its liability or obligations under the plan or agreement referenced above, and that the proceeds of its draft will be held to pay for the work the Developer was obligated to perform under such plan and/or agreement. Upon the completion of all work, the Town shall refund to the Developer the amount paid to the Town under the Letter of Credit, less the amount paid by the Town for the work which the Developer was required but failed to perform.

4. Funds available under this Letter of Credit shall be paid by us in such amounts and on as many occasions as the Town Manager, or his successor, in his sole discretion, presents to us sight drafts with appropriate certification, provided that the total amount drawn shall not exceed the

aggregate amount specified in this Letter of Credit.

5. We further agree that we shall have no right, duty, obligation or responsibility to evaluate the performance or nonperformance of the underlying contract referenced above. In addition, we agree that no change, extension of time, alteration or addition to the work to be performed under the underlying contract, or to the plans and specifications associated with such work, shall in any way affect our obligations under this Letter of Credit. We hereby waive notice of any such change, extension of time, alteration or addition. No such change, extension of time, alteration or addition shall increase the amount or extent of our obligation under this Letter of Credit.

6. Except as otherwise expressly stated, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No. 500.

7. All terms of this Agreement and Letter of Credit shall bind us, our assigns and other successors in interest.

(Name of Bank or Savings and Loan Association)

(Street Address)

(Town) (State) (Zip)

ATTEST:

_____ By: _____ (SEAL)

(Print or Type Name and Title)

(Print or Type Name and Title)

ACKNOWLEDGEMENT

COMMONWEALTH OF VIRGINIA, AT-LARGE;
COUNTY OF _____, to-wit:

I, _____, a Notary Public in and for the State and County
aforesaid, do certify that the foregoing instrument was acknowledged before me this _____ day
of _____, _____ by _____
(Name of officer or agent) acting in his capacity as _____ of
_____, a _____ (state or place of
incorporation) corporation, on behalf of the corporation.

GIVEN under my hand and seal this _____ day of _____, 20__.

NOTARY PUBLIC

My commission expires: _____.
Serial No.: