

SAMPLE LETTER OF CREDIT

BANK LETTERHEAD

DATE

To: Planning Director
Hanover County Planning Department
P. O. Box 470
Hanover, Virginia 23069

Re: Zoning Ordinance Performance Agreement
Irrevocable Letter of Credit No. _____
Name of Development: _____

We hereby open our Irrevocable Letter of Credit No. _____ (“the Letter of Credit”), effective on _____, 20__, in your favor for the account of _____ [name and address (including physical address, if P.O. Box address is also provided)] (“the Customer”), for an amount not to exceed _____, available by your sight drafts on the _____ Bank (“the Bank”).

The purpose of this Letter of Credit is to furnish Hanover County, Virginia (“the County”) with surety for the satisfaction of all obligations (including the construction of all improvements) of the Zoning Performance Agreement for _____ [name of development] dated _____ by and between the Customer and the County (“the Agreement”) and all requirements of the Hanover County Code. Drafts hereon shall be promptly honored when accompanied by the following documents:

1. A certified statement signed by the Hanover County Director of Planning (“the Director”) stating that the Customer has not satisfactorily complied with the obligations of the Agreement and the requirements of the Hanover County Code;
2. A certified statement signed by the Director to the effect that the demand is for the purpose of providing for the performance of the obligations described in the Agreement and required under the Hanover County Code.
3. All drafts must bear the clause “Drawn under the _____ [name of bank] bank Letter of Credit No. _____ dated _____.”

The drafts shall be presented at _____ [Name of bank and address (**Note:** These drafts must be payable at a bank located in the Commonwealth of Virginia)].

We further agree that:

1. This Letter of Credit shall remain in full force and effect for an initial period of two years from the effective date of the letter of credit (ending at ____:____ a.m./p.m. on _____, 20____). This Letter of Credit shall then renew automatically from year-to-year unless and until the Bank gives ninety (90) days prior written notice to the Hanover County Planning Director, P. O. Box 470, Hanover, Virginia 23069-0470, by registered or certified mail, return receipt requested, of its intent to terminate same at the expiration of the ninety (90) day period. During the last thirty (30) days during which the Letter of Credit is in full force and effect, the County may draw up to the full amount of the Letter of Credit when the draft is accompanied by a document certifying that (i) the Customer has not complied with the obligations of the Agreement and the requirements of the Hanover County Code and has not provided the County with an acceptable substitute

This is an integral part of Letter of Credit No. _____ dated _____, 20____.

irrevocable letter of credit or (ii) the drawing is for the explicit purpose of guaranteeing or providing for the completion of all obligations of the Agreement and the requirements of the Hanover County Code.

2. This Letter of Credit shall terminate when the Director (or designee) or other official of Hanover County provides the Bank with written release stating that the Customer has fulfilled all obligations of the Agreement and the requirements of the Hanover County Code.

3. Funds available under this Letter of Credit shall be paid by us in such amounts and at such times as determined by the Director, in his sole discretion, provided that the amount drawn shall not exceed the amount specified above. Checks shall be made payable to "County of Hanover" and sent to the attention of the Director or the designee referenced in paragraph 2, above.

4. The Bank shall have no right, duty, obligation or responsibility to evaluate the performance or non-performance of the underlying Agreement between the Customer and the County.

5. No change, extension of time, alteration or addition to work to be performed or to the plans and specifications relating to the same, shall in any way affect our obligations under this Letter of Credit and we waive notice of any such change, extension of time, alteration, or addition, on the understanding that no such change, extension of time, alteration, or addition shall increase the amount of our obligation under this Letter of Credit.

6. This Letter of Credit is non-transferable by the Bank, the County, or the Customer.

7. Except as otherwise expressly stated, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, in effect on the date of issuance and the provisions of the Uniform Commercial Code—Letters of Credit, Title 8.5A of the Code of Virginia, 1950, as amended.

8. Approval of this Letter of Credit by the County shall be deemed acceptance without further notice to the Bank or any other party.

9. The proper forum for trial of any dispute involving our liability to the County on this Letter of Credit shall lie in the Hanover County Circuit Court, Hanover, Virginia.

Very truly yours,

[Name of Bank]
[Authorized Bank Officer]
[Title of Authorized Bank Officer]

[Corporate Seal]

COMMONWEALTH OF VIRGINIA,
COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me on _____, 20____, by _____ [name], _____ [title], for _____ [name of Bank].

Notary Public

My commission expires: _____
Registration number: _____