

## IRREVOCABLE LETTER OF CREDIT

### BENEFICIARY:

Beneficiary Name

Attn: \_\_\_\_\_

Address

City, State, Zip

Ladies and Gentlemen:

At the request and for the account of [**Contractor**] in connection with that certain

[**Agreement**] (as amended from time to time, the “Agreement”) dated as of \_\_\_\_\_, 20\_\_ by and between Contractor and (Beneficiary Name) (“Owner”), we hereby establish our Irrevocable Letter of Credit No. \_\_\_\_\_ in favor of Owner in order to assure the completion of \_\_\_\_\_ Project No. \_\_\_\_\_. This Letter of Credit is subject to the following terms and conditions:

1. Expiration. This Letter of Credit is effective and expires at 5:00 p.m. EST, on the earliest to occur of:

(a) the payment by us to Owner of the final drawing available to be made under this Letter of Credit; or

(b) \_\_\_\_\_, 20\_\_ (the “Expiry Date”).

In the event that the Expiry Date is not Business Day (as hereinafter defined), then this Letter of Credit shall expire on the next succeeding Business Day.

2. Maximum Amount. The maximum aggregate amount available under this Letter of Credit shall be [**The Contract Amount**] (USD \$ \_\_\_\_\_) (as this amount may be reduced from time to time as provided below, the “Stated Amount”). Partial drawings are permitted. The Stated Amount will automatically be reduced by the amount of each drawing paid by us hereunder. Upon our honoring of a demand for payment hereunder pursuant to the provisions hereof, the Stated Amount shall be reduced by an amount equal to the amount of such demand for payment.

3. Documents to be Presented. Funds under this Letter of Credit are available to Owner in one or more draws in an aggregate amount not exceeding USD \$ [**The Contract Amount**], upon presentation by Owner of a draft in the form of Exhibit “1” (a “Draft”) attached hereto accompanied by a certificate, appropriately completed and purportedly signed by the Secretary of Owner, in the form of Exhibit “2” (“Secretary’s Certificate”) attached hereto.

No other documents or instruments shall be required for drawing under this Letter of Credit.

4. Method and Notice of Presentment. The Draft and Officer's Certificate shall be dated the date of its presentation and shall be presented during our business hours on a Business Day on or before the Expiry Date, to our office located at \_\_\_\_\_, Attention:

\_\_\_\_\_.

"Business Day" means any day other than (i) a Saturday or Sunday, or (ii) a day on which commercial banks in the state of \_\_\_\_\_ are authorized or required by law to close.

5. Time and Method of Payment. If a demand for payment is made by Owner at our office in compliance with the terms and conditions of this Letter of Credit on a Business Day, we will have a reasonable time (at least three days but not more than seven Business Days) to either pay the amount of such demand to Owner or give Owner notice of discrepancies or deficiencies in the presentation. Payment will be by our cashier's or teller's check made payable to Owner.

6. Transferability. This Letter of Credit may not be transferred, assigned or negotiated in whole or in part except with our prior written consent.

7. Governing Law and Customs. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits by the International Chamber of Commerce Brochure No. 500 (1993 Revisions).

8. Address for Communications. All correspondence and any drawings presented in connection with this Letter of Credit must only be presented to us at \_\_\_\_\_, State of \_\_\_\_\_ Attention: \_\_\_\_\_.

9. Entire Agreement. This Letter of Credit, including the exhibits hereto, sets forth in full the terms of our undertaking. Reference in this Letter of Credit to other documents or instruments is for identification purposes only and such reference shall not modify or affect the terms hereof or cause such documents or instruments to be deemed incorporated herein.

We hereby confirm this Letter of Credit and undertake that Draft(s) drawn under and in compliance with the terms and conditions hereof will be duly honored as stated herein.

Very Truly Yours,

\_\_\_\_\_

Exhibit 1

**DRAFT**

At Sight

Pay to the order of \_\_\_\_\_, the sum of \_\_\_\_\_

United States Dollars (USD \$ \_\_\_\_\_), FOR VALUE RECEIVED,  
drawn under the Irrevocable Letter of Credit No. \_\_\_\_\_ issued by  
\_\_\_\_\_.

Very truly yours,

(Beneficiary Name)

By:

\_\_\_\_\_

Name:

Title:

Sample Preview