

CONSTRUCTION OBSERVATION AND COMPLIANCE

IRREVOCABLE LETTER OF CREDIT NO. _____

APPLICANT: _____ _____ _____ _____	BENEFICIARY: Will County Division of Transportation c/o Will County Engineer 16841 W. Laraway Road Joliet, IL 60433
Issue Date: _____	Expiration Date: <u>2 Years from Issue</u>
Permit Number _____	

Dear County Engineer:

We, _____ as the **[Financial House]**, insured by FDIC, hereby establish our Irrevocable Letter of Credit in favor of the County of Will and authorize the County Engineer or his/her successor in office to draw on us at sight for up to an aggregate amount of _____ Dollars, effective **[Issue Date]** and expiring **[Expiration Date]**.

We understand that **[Applicant]** has made application to the County Engineer of Will County to construct certain improvements to County Highway ___ locally known as _____, and this Irrevocable Letter of Credit shall serve as the Performance Guarantee required by Will County.

We understand that the sum of this Letter of Credit is derived from an estimate prepared by _____, a licensed and registered Engineer in the State of _____. The Engineer has itemized the estimate as follows:

Engineer's Estimate of Probable Construction Cost	\$	
Contingency	\$	(25% of Estimate)
Total aggregate sum of credit	\$	

We understand that this Letter of Credit Agreement may be modified in that eliminating the cost of any item described in the Engineer's Estimate from the aggregate sum as follows may reduce the aggregate sum of credit.

The County Engineer or his/her agent or successor in office must certify in a signed statement to **[Financial House]**, "That the work described in a particular line item has been properly completed and the County of Will (Beneficiary) consents to modification of the Letter of Credit Agreement" and must state; the amount of reduction; which line item is affected; and the amount of the aggregate sum of credit remaining as modified.

The County Engineer or his/her agent or successor in office may modify this letter of credit (and/or use the deposit check of **[Total Aggregate Sum of Credit]** for construction observation) to satisfy outstanding debts for engineering construction observation owed beyond thirty (30) days delinquent. A reduction in the letter of credit will not be granted if any previous bills have not been paid to the Consultant(s) for construction observation.

We understand that under no circumstances may the aggregate amount of this Letter of Credit be reduced below ten percent (10%) of the **[Total Aggregate Sum of Credit]**, a sum of (\$_____) Dollars or \$5,000.00, which ever is greater.

The greater sum of (\$_____) Dollars or \$5,000.00 will remain available to the County of Will throughout the life of this Letter of Credit.

In no event will a draft be honored pursuant to this Letter of Credit unless the County Engineer presents a notification of default signed by the County Engineer (signed as such) stating that “**[Applicant]** has failed to satisfactorily complete or carry on the work of the installation and construction of the required improvements.”

We understand that the ten percent (10%) of the **[Total Aggregate Sum of Credit]**, a sum of (\$_____) Dollars or \$5,000.00, which ever is greater, is to be used to make any additional repairs or modifications for a maintenance period of **two (2) years** after the Final Completion and Compliance Certificate has been issued.

This Irrevocable Letter of Credit established by the **[Applicant]** shall be in force until **[Expiration Date]**, extended as necessary to fulfill the two (2) year maintenance period, and shall remain in effect without regard to any default in payments of sums owed to the **[Financial House]** by our customer and without regard to other claims which we may have against **[Applicant]**.

Sixty (60) days prior to the expiration of this credit, we shall notify the County of Will, by registered letter addressed to the County Engineer of the County of Will, return receipt requested, of the impending expiration date. This commitment shall not terminate regardless of any other provision contained herein, without the County Engineer being notified in writing by registered or certified mail sixty (60) days prior to the expiration.

The undersigned institution hereby represents and warrants that is has full power, right and authority to deliver this Irrevocable Letter of Credit, that the same is within all lending limits of this institution, and is binding, in accordance with the terms contained herein on the undersigned institution.

We understand that no oral modification of this Letter of Credit will be effective and that it contains the entire agreement between the County of Will and the **[Financial House]**. We also understand that the laws of the State of Illinois will control.

We engage with you that all drafts drawn under and in compliance with the terms of this credit will be duly honored by us if presented at this office on or before the expiration date.

This credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication 500.

Yours truly,

[Signature Of Financial House Officer]

[Printed Name Of Financial House Officer]

[Title]