

**LETTER OF CREDIT FOR PERFORMANCE AND LABOR AND MATERIALS SAMPLE**

1. This is acceptable to form only. Copies submitted to City MUST be on stationery with bank letterhead.
2. A resolution or other document identifying person signing letter of credit as a bank officer and showing his authority to sign on behalf of bank MUST accompany copies to City.

City of Rancho Cordova  
2729 Prospect Park Drive  
Rancho Cordova, CA 95670

Attention: Public Works Administrator

**SUBJECT: IRREVOCABLE LETTER OF CREDIT NO. \_\_\_\_\_**

Gentle people:

This letter of credit is given to fulfill the requirements of that certain Subdivision Improvement Agreement entered into between the City of Rancho Cordova, a municipality of the State of California, hereinafter referred to as "City", and \_\_\_\_\_ (*Developers Name*), hereinafter referred to as "Principal", covering certain improvements to be installed in that certain subdivision known and designated as \_\_\_\_\_ (*Subdivision Name*) By Principal in accordance with said agreement.

As required by said above mentioned agreement, and for that purpose only, we hereby establish in favor of City and for account of Principal our Irrevocable Letter of Credit No. \_\_\_\_\_ in the amount of \_\_\_\_\_ Dollars (\$) to be paid by drafts at sight on us if accompanied by the following document:

City's written statement (signed by the Director of Public Works or City Clerk) certifying that there has been loss, damage, or liability resulting from Principal's performance or non-performance of his duties and obligation under the agreement, or from the negligence, act or omission of himself, his agents, servants and employees (such statement to be substantiated by an attached detailed report) in the amount of the accompanying sight draft on us and that the amount of this draft is; therefore, now due and payable.

It is a condition of this letter of credit that from time to time the amount thereof may be reduced as the required work progresses and is performed in accordance with the City of Rancho Cordova Improvement Standards, as authorized by Section 66499 of the Government Code. All drafts under this letter of credit shall be marked: (*Bank Name, Address and Irrevocable Letter of Credit No. \_\_\_*)

We expressly agree with you that all drafts drawn under and in compliance with the terms of this letter of credit shall meet with due honor upon presentation:

Dated: \_\_\_\_\_

(*Bank Name*)

By: (*Signature*) \_\_\_\_\_  
(*Typed name and title of officer*)

**[These special instructions shall be added to the Letter of Credit if expiration date is included]**

*It is a condition of this Letter of Credit that it shall be automatically extended without amendment for additional periods of one year each from the current or any future expiration date, unless 30 or more days prior to any such expiration, we notify you by registered mail to the address stated in this letter that we elect not to consider the Letter of Credit extended for such additional period. It is a further condition hereof that you may, during the last 30 days of the then current validity period draw hereunder by means of your sight draft on us for an amount up to the available balance accompanied by your signed statement certifying (1) that you received from and (2) that you will refund to (name of bank or institution) for account of (name of principle), any amount drawn under the Letter of Credit, which is not used in satisfaction of payment of losses, attorney's fees or other expenses.*