

**Village of Montgomery Ordinance 1433 passed September 14, 2009**

**Code of Ordinance Section 2-3.1 Letters of Credit and Performance Bonds**

All Letters of Credit required by the Village shall be in the following form and must be in an amount of 110% of the cost of the project:

Letter of Credit number \_\_\_\_\_  
Project \_\_\_\_\_  
Amount \_\_\_\_\_

Name of issuer institution  
Address

**IRREVOCABLE LETTER OF CREDIT**

Dear Sir:

The undersigned Bank of \_\_\_\_\_, by (name and title), its duly authorized agent, hereby issues to the Village of Montgomery, 200 N. River Street, Montgomery, Illinois, 60538, this irrevocable Letter of Credit in the amount of \$ \_\_\_\_\_, effective \_\_\_\_\_ which such credit may be drawn by said Village at sight on us. Funds under this credit are available against your demand(s) at sight on or before the expiry date on this instrument in accordance with the terms and conditions of this Letter of Credit.

Demands on said Letter of Credit must be accompanied by the certificate of the Village engineer of the Village of Montgomery, certifying either (1) that said Letter of Credit is about to expire and has not been renewed; or (2) that work has not been completed in accordance with the plans, specifications and agreements (including any amendments thereof) for the following project and includes the following improvements to be completed (identify improvements or improvement plans with date):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, (the "project").

This irrevocable Letter of Credit shall expire on \_\_\_\_\_; provided, however, the undersigned shall notify the Village Clerk by certified mail, return receipt requested, at least sixty (60) days prior to said expiration date that said Letter of Credit is about to expire. In no event shall this irrevocable Letter of Credit or the obligations contained herein expire upon said prior written notice, it being expressly agreed by the undersigned that the above expiration date shall be extended as shall be required to comply with this notice provision.

This document is issued under the Uniform Customs and Practice for Documentary Credits – UCP600 (2007 Revision).

Appendix K

No Letter of Credit shall be accepted by any official of the village that does not comply with the form set forth in this section, unless the submitted form has been approved in writing by the village attorney. Performance Bonds shall only be accepted if the form has been approved in writing by the village attorney and must be in an amount of 110% of the cost of the project. In either case, the plans or specifications for the improvement which result in the requirement for a letter of credit shall include an easement of access (acceptable to the Village Attorney) onto the property in question for the Village to complete the improvements specified in the Letter of Credit and/or Performance Bond.