

Re: Irrevocable Letter of Credit Number XXXXX
 _____ (“Street address of Subject Project”)
(“Parcel Map/Tract Map/Conditional Use Permit”) No. _____
 For the Account of:
 Expiration Date:

- 1) The original Letter of Credit.
- 2) Beneficiary's written certification, purportedly signed by an authorized signer, stating that _____ are in default of certain Conditions of Approval of the Tentative Map approved by the City of Pasadena.

This credit expires on _____ and drafts drawn hereunder, if accompanied by the documents as specified above, will be honored if presented to _____ Bank, (Mailing Address of Bank) on or before that date or any automatically extended date thereafter. This Letter of Credit shall be automatically extended for an additional period of one year from the present or each future expiration date unless we notify the City Manager and the City Attorney in writing, sent by certified mail to the above address not less than thirty (30) days before such expiration date, that we elect not to renew this Letter of Credit.

Sincerely
Bank Signatory
Title

CHECKLIST FOR ACCEPTING LETTER OF CREDIT

1. The bank issuing the Letter of Credit must be creditworthy and must not have any financial interest in the subject matter of the Letter of Credit. This means a rating of C or better. The City Treasurer's office maintains a directory in which banks are rated in several categories. Contact Vicken Erganian to obtain a bank's credit rating.
2. The LOC must be good for the duration of the agreement to which the LOC relates.
3. The expiration date of the LOC must be clearly stated and the LOC must contain a provision that requires the issuing bank to give the City Manager and City Attorney 30 days written notice of impending expiration, by certified mail.
4. The LOC must be labeled **"IRREVOCABLE."** If it is not, it may be construed by a court to be revocable, which means that the bank can revoke it at any time without notice to the City.
5. The draw provisions of the LOC must be such that it will require a statement of certification from the City that the amount drawn is due and payable.
6. Under no circumstances should we accept a LOC that purports to give the permittee or contractor the ability to veto a draw on the LOC. Therefore, a LOC that contains a joint signing provision should not be accepted since such a provision gives the permittee or contractor a veto power.
7. If a bank has a form for the draft or certificate to be presented in connection with a draw, it should be attached as an exhibit to the LOC and it should be specified in the LOC that this is the form to be used when making a draw. This will ensure that the draw is made on the correct form and the bank cannot dishonor the draw on the grounds that it was not in the proper format.
8. All proposed LOC should be approved by the City Attorney's office before they are accepted, and all documents prepared in connection with a drawing should be likewise approved before presentation to the bank. **DO NOT AGREE TO NEGOTIATE ANY PROVISION THAT IS IN BOLD TYPE. THESE ARE NON-NEGOTIABLE.**
9. The attached sample LOC should be used whenever agreement from the issuing bank can be obtained.
10. Bracketed provisions will change depending on circumstances.