

BANK STATIONARY

Letter of Credit # _____

Issuer:

Applicant:

Project: (Project and Phase/Section) Project #:

Beneficiary: City of Gallatin

Amount:

Date Issued:

Expiration:

The issuer hereby issues in favor of the Beneficiary this Irrevocable Standby Letter of Credit with the above Letter of Credit Number _____, for the account of the Applicant in an amount not exceeding the above dollar amount. If a date certain is indicated above as the expiration date, this Letter of Credit shall expire at the close of business on that Expiration Date; however, the term of this Letter of Credit is perpetual, the Letter of Credit shall not expire except in accordance with applicable law. Funds under this Letter of Credit are available at the office of the Issuer at (Address), after presentation of draft(s) drawn at sight on the Issuer at its counters.

The sight draft(s) shall bear the clause "Drawn under Letter of Credit Number _____ of _____ Bank, dated _____".

The draft(s) shall be accompanied by the following documents:

1. A sworn affidavit from an official representative of the City of Gallatin stating that an event of default exists and the City of Gallatin is entitled to the funds under the terms of the Letter of Credit.

It is a condition of this Letter of Credit that it shall be deemed automatically extended for one year from the present or any future expiration date hereof, unless sixty (60) days prior to any such date we shall notify you in writing by certified mail, receipted overnight mail or receipted courier at the above address that we elect not to consider this Letter of Credit renewed for any such additional period.

Except to the extent that the non-variable provisions of the State of Tennessee's Commercial Code – Letters of Credit (Tenn. Code Ann. #47-5-101 et seq.) and the specific terms of this Letter of Credit dictate otherwise, this Letter of Credit is governed by the International Standby Practices, 1998 ed., ICC Publication No. 590 ("isp98").

Bank Name

Office of the Bank Name

THE LANGUAGE ABOVE IS A SAMPLE LETTER OF CREDIT. PLEASE NOTE THAT THE LETTER OF CREDIT MUST CONTAIN THE PROJECT NAME, EXPIRATION DATE, AMOUNT, AND CITY OF GALLATIN PROJECT NUMBER.

THE FOLLOWING PHASES MUST BE INCLUDED:

Funds under this Letter of Credit are available at the office of the issuer at Bank Address or by certified mail.

IN ADDITION, THE FOLLOWING MUST BE INCLUDED:

It is a condition of this Letter of Credit that it shall be deemed automatically extended for one year from the present or any future expiration date hereof, unless sixty (60) days prior to any such date we shall notify you in writing by certified mail, receipted overnight mail or receipted courier at the above address that we elect not to consider this Letter of Credit renewed for any such additional period.

A RENEWED LETTER OF CREDIT (OR AMENDMENT TO THE ORIGINAL LETTER OF CREDIT) **MUST** BE SUBMITTED TO THE CITY EACH YEAR BEFORE THE EXPIRATION DATE WITH THE NEW EXPIRATION DATE. THE BANK MAY REQUEST THAT THE LETTER OF CREDIT WITH THE EXPIRED DATE BE RETURNED TO THE BANK UPON APPROVAL OF THE RENEWED LETTER OF CREDIT.

NOTE:

PLEASE DO NOT INCLUDE LANGUAGE THAT PERTAINS TO PARTIAL DRAWS. THE CITY DOES NOT DRAW PARTIAL FUNDS

SURETY ADMINISTRATION FEE:

A SURETY ADMINISTRATION FEE OF \$250 IS REQUIRED FOR ALL NEW SURETIES

A RENEWAL FEE OF \$200 IS REQUIRED FOR ALL SURETIES RENEWING EACH YEAR.