

PERFORMANCE/MAINTENANCE SAMPLE

The City of Conway
Conway, Arkansas 72032

Irrevocable Letter of Credit No. _____

Dear Sirs:

We hereby open our irrevocable credit in your favor, available by your drafts at sight drawn on us for a sum not exceeding _____ for the account of _____ (developer), to be accepted by your signed statement that drawing is to the default or failure to perform by the Developer, the following improvements in _____ (subdivision name) on or before _____:

1. The construction of streets, curbs and gutters, storm drainage system, and other improvements specified in the contract between these parties dated on the _____ day of _____, 2001, and incorporated herein by reference, all located in the City of Conway, Arkansas.

Acting through the City Engineer or the Mayor, you will notify us when either:

- A. The improvements have been timely completed and the credit may be released, or
- B. The developer has failed to perform or is in default thereunder.

2. Further, this letter of credit shall convert to a maintenance letter of credit and shall be effective for a period of one (1) year from the date of completion of said improvements or from the date the performance letter of credit lapses.

Such irrevocable letter of credit shall be available by your signed statements or drafts at sight drawn on us for a sum not exceeding _____ for the account of _____ (subdivision), to be accepted by your signed statement that _____ (developer), has defaulted as follows:

Failed to maintain the streets, gutters, storm drainage system or other maintenance to the satisfaction of the Mayor and City Engineer of the City of Conway.

Acting through the City Engineer or the Mayor, you will notify us when:

- A. The developer has failed to perform or is in default thereunder.

All drafts drawn under this credit must be marked: "Drawn under _____ (name of loaning institution) Letter of Credit Number _____ Dated the _____ day of _____, 2001."

We hereby agree with the Drawers, Endorsers and bona fide holders of drafts under and in compliance with terms of this credit that the same shall be duly honored if presented (1) on or before The _____ day of _____, 2001, if presented for failure to construct as set out in paragraph one (1) above. (Maximum of two years from approval by the Planning Commission); or, (2), on or before the date determined under paragraph two (2) above, if presented for failure to maintain as set out in paragraph two (2). (Not less than one year from the date of the maintenance period)

Yours very truly,

(Name of Loaning Institution)

By: _____
President