

Appendix B

SAMPLE LETTER OF CREDIT

Jane Planner, Chairman
Your Town Planning Board
Town Hall
Your Town, ME 04000

Re: *Letter of Credit for:*
Developer, Inc.
Sunshine Estates
Your Town, Maine

Dear Ms. Planner:

This letter will confirm to Your Town that the Big Town Savings Bank has issued a loan commitment to Developer, Inc. for the purpose of constructing all required improvements in the Sunshine Estates subdivision.

Big Town Savings Bank will set aside \$230,000 in a Construction Escrow Account for completion of the required improvements. This account can be drawn upon by Your Town in the event that Developer, Inc. fails to complete steps A through H listed below for Windy Road on or before (two years from date of Final Plan approval).

.....Approximate Length of road 2,350 feet:

- | | |
|--|---------|
| A. Grub roadways full width of 50 feet @ \$4/ft. | \$9,400 |
| B. Shape sub-base and grade it @ \$4/ft. | 9,400 |
| C. Install underórain culverts @ \$16/ft. | 37,600 |
| D. Install sewer @ \$22/ft. x 2,050 feet plus pump \$16,500 | 61,600 |
| E. Install water mains @ \$14/ft x 2,400 feet | 33,600 |
| F. Apply and shape 18" gravel base @ \$8.30/ft x 2,350 feet | 19,500 |
| G. Apply and shape 3" of crushed gravel; apply 1 3/4" of base course bituminous concrete to width of 24 feet, apply bituminous curb and 2" of bituminous concrete to a width of 5 feet @ \$10/ft. x 2,350 feet | 23,500 |
| H. Apply 3/4" of surface bituminous concrete to width of 24 feet @ \$5/ft | 11,800 |

Big Town Savings Bank understands that Developer, Inc., or the contractor, will notify the Town Engineer or Code Enforcement Officer before any of the above work has begun and obtain his approval in writing as he completes each phase of the road construction.

This Account will expire when Your Town acknowledges in writing to Developer, Inc. that the work outlined in Steps A through H has been completed in accordance with Your Town's subdivision regulations and street acceptance ordinance, and the approved plans of Sunshine Estates. Any funds

remaining in the account on (date specified above) for work outlined in Steps A through H which has not been completed and approved by the Town on that date will be released to the Town to complete such work. As the Town Engineer or Code Enforcement Officer issues his written approvals for each step above to Developer, Inc. the funds in this Account will be released based upon the schedule above.

Drafts drawn upon this account must be for this particular subdivision and to complete any work which is outlined above. Furthermore, drafts must be accompanied by itemized statements showing costs of work to be completed and must be submitted prior to (six to nine months following date specified above). Your Town will not be responsible for repayment or interest cost for any funds released to the Town for work not completed on or before (date specified above).

Very Truly Yours,

Bob Banker
Loan Officer

SEEN AND AGREED TO:

Developer, Inc.

Your Town hereby accepts this original letter as evidence of Developer, Inc.'s obligation to be performed.

Town Manager
or
Chair of the Select Board