

**IRREVOCABLE LETTER OF CREDIT**

**Borrower:** \_\_\_\_\_  
(Principal) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Lender:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Beneficiary:** Valley Branch Watershed District (VBWD)  
PO Box 838  
Lake Elmo, MN 55042

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NO: \_\_\_\_\_

**EXPIRATION DATE.** This Letter of Credit shall expire upon the close of business on \_\_\_\_\_ and all drafts and accompanying statements or documents must be presented to Lender on or before that time (the "Expiration Date").

**AMOUNT OF CREDIT.** Lender hereby establishes at the request and for the account of Borrower, an Irrevocable Letter of Credit in favor of Beneficiary for a sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Letter of Credit"). These funds shall be made available to Beneficiary upon Lender's receipt from Beneficiary of sight drafts drawn on Lender at Lender's address indicated above (or other such address that Lender may provide Beneficiary in writing) during regular business hours and accompanied by the signed written statements or documents indicated below.

**DRAFT TERMS AND CONDITIONS.** Lender shall honor drafts submitted by Beneficiary under the following terms and conditions: A certificate signed by an officer of VBWD stating that there exists a basis for presentation of a draw under the VBWD Permit #\_\_\_\_\_. The certificate shall also state:

- a. the nature of the basis for presentation of the draw;
- b. that Principal has received notice of the basis for presentation in accordance with the VBWD Permit #\_\_\_\_\_, but has not cured the basis for presentation;
- c. the amount to be paid to VBWD;
- d. the amount to be retained as security under the Letter of Credit.

All drafts so drawn must be marked "Drawn Under Irrevocable Letter of Credit Number \_\_\_\_\_."

We engage with you that all drafts drawn under and in compliance with the terms of this Irrevocable Letter of Credit will be duly honored if presented during regular business hours at our main office located at \_\_\_\_\_, before 3:00 p.m. CST on or before \_\_\_\_\_.

Upon Lender's honor of such drafts, Lender shall be fully discharged of Lender's obligations under this Letter of Credit and shall not be obligated to make any further payments under this Letter of Credit once the full amount of credit available under this Letter of Credit has been drawn.

**USE RESTRICTIONS.** All drafts must be marked "DRAWN UNDER \_\_\_\_\_ (Lender) IRREVOCABLE LETTER OF CREDIT NO. \_\_\_\_\_ DATED \_\_\_\_\_," and the amount of each draft shall be marked on the draft. Only Beneficiary may complete a draft and accompanying statements or documents required by this Letter of Credit and make a draw under this Letter of Credit. This original Letter of Credit must accompany any draft drawn hereunder.

Partial draws are permitted under this Letter of Credit. Lender's honor of a partial draw shall correspondingly reduce the amount of credit available under this Letter of Credit. Following a partial draw, Lender shall return this original Letter of Credit to Beneficiary with the partial draw noted hereon; in the alternative, and in its sole discretion, Lender may issue a substitute Letter of Credit to Beneficiary with the partial draw noted hereon; in the alternative, and in its sole discretion, Lender may issue a substitute Letter of Credit to Beneficiary in the amount shown above, less any partial draw(s).

**NONTRANSFERABLE.** This LETTER OF CREDIT is not transferable or assignable and is not issued for the benefit of any third party claimant.

**GOVERNING LAW.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Minnesota without regard to its conflicts of law provisions, and except to the extent such laws are inconsistent with the UCP. This Agreement has been accepted by Lender in the state of Minnesota.

**PRESENTMENT.** Lender hereby agrees with Beneficiary that drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to Lender on or before the Expiration Date.

**AUTOMATIC RENEWAL.** 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 at the above address that we elect not to consider this Letter of Credit renewed for any such additional period, however, VBWD has the absolute right to have it renewed by notifying \_\_\_\_\_ (Lender) prior to its' expiration and the Lender is then obligated to renew.

LENDER:

\_\_\_\_\_

By \_\_\_\_\_,  
\_\_\_\_\_, its \_\_\_\_\_