

The County Engineer or his/her agent or successor in office may modify this letter of credit (and/or use the deposit check of **[Total Sum Of Credit]** for construction observation) to satisfy outstanding debts for engineering construction observation owed beyond thirty (30) days delinquent. A reduction in the letter of credit will not be granted if any previous bills have not been paid to the Consultant(s) for construction observation.

We understand that under no circumstances may the aggregate amount of this Letter of Credit be reduced below ten percent (10%) of the aggregate amount, a sum of **[10% Total Sum Of Credit (\$XX,XXX.XX)]** Dollars or \$5,000.00, which ever is greater.

The greater sum of **[10% Amount (\$XX,XXX.XX)]** Dollars or \$5,000.00 will remain available to the County of Kane throughout the life of this Letter of Credit.

In no event will a draft be honored pursuant to this Letter of Credit unless the County Engineer presents a notification of default signed by the County Engineer (signed as such) stating that "**[Applicant]** has failed to satisfactorily complete or carry on the work of the installation and construction of the required improvements."

We understand that the ten percent (10%) of the aggregate sum of the Letter of Credit, a sum of **[10% Amount (\$XX,XXX.XX)]** Dollars or \$5,000.00, which ever is greater, is to be used to make any additional repairs or modifications for a period of **two (2) years** after all the improvements have been completed, or a period of five (5) years if the improvement involved an open-cut or augering operation.

This Irrevocable Letter of Credit established by the **[Applicant]** shall be in force until **[Expiration Date]** and shall remain in effect without regard to any default in payments of sums owed to the **[Financial House]** by our customer and without regard to other claims which we may have against **[Applicant]**.

Sixty (60) days prior to the expiration of this credit, we shall notify the County of Kane, by registered letter addressed to the County Engineer of the County of Kane, return receipt requested, of the impending expiration date. This commitment shall not terminate regardless of any other provision contained herein, without the County Engineer being notified in writing by registered or certified mail sixty (60) days prior to the expiration.

The undersigned institution hereby represents and warrants that it has full power, right and authority to deliver this Irrevocable Letter of Credit, that the same is within all lending limits of this institution, and is binding, in accordance with the terms contained herein on the undersigned institution.

We understand that no oral modification of this Letter of Credit will be effective and that it contains the entire agreement between the County of Kane and the **[Financial House]**. We also understand that the laws of the State of Illinois will control.

We engage with you that all drafts drawn under and in compliance with the terms of this credit will be duly honored by us if presented at this office on or before the expiration date.

This credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication 500.

Yours truly,

[Signature Of Financial House Officer]

[Name Of Financial House Officer]

[Title]

IV. GENERAL CONDITIONS

A. Letter(s) of Credit

In order for the County Engineer to ensure a quality and timely review of all permit applications as well as ensure compliance during construction, the County Engineer may use the services of private engineering consultants for some permit types.

Separate Letters of Credit for the Design Review and the Construction Observation and Compliance will be required (see Section 8 for the standard Letter of Credit). Should the application consist of standard in-house review, the Permit Manager or Permit Administrator may waive the Design Review Letter of Credit. The Design Review Letter of Credit will be utilized to ensure the Applicant is paying the County Engineer's consultant or consultants for technical design review. The Applicant will be required to enter into an agreement with the County of Kane to pay all costs associated with the permit review process and the monitoring and observation of the construction. Most permit applications will require a Construction Observation and Compliance Letter of Credit.

All utilities, non-public and public, will be required to submit to the County Engineer a Utility Annual Letter of Credit because of the number and variety of permit applications submitted by the utility each year. The Annual Letter of Credit will be used as the security for the work the utility company performs each year under Emergency, Minor and Major Maintenance Permits. For a Modification or New Construction Permit, a Design Review Letter of Credit and a Construction Observation and Compliance Letter of Credit will be required, unless waived by the Permit Manager or Permit Administrator.

For improvements performed or sponsored by a local government agency a Letter of Agreement will be accepted in lieu of a Letter of Credit. The standard form of the Letter of Agreement has been provided in Section 8.

1. Design Review Letter of Credit

A Design Review Letter of Credit shall be delivered with the application. No review will begin until the Letter of Credit is supplied and approved.

The Design Review Letter of Credit with an expiration date **two (2) years** from the application date shall be in the amount of \$10,000, or as directed by the Permit Manager or Permit Administrator (The standard form of the Design Review Letter of Credit has been provided in Section 8). Several consultants may be utilized by KDOT, depending on the elements to be reviewed. The Permit Manager or Permit Section Staff will provide the Applicant with the information required for the Letter of Credit.

The Design Review Letter of Credit will not be reduced at any time but will be released as soon as the County Engineer receives written documentation from the consultant(s) performing the review that all bills and invoices have been paid in full.

2. Construction Observations and Compliance Letter of Credit

The Construction Observation and Compliance Letter of Credit shall be submitted prior to the issuance of a permit.

The Construction Observation and Compliance Letter of Credit shall have duration of **two (2) years** from the permit issuance date and shall be in the amount of the approved total estimated construction costs of the improvements multiplied by 125% (The standard form of the Construction Observations and Compliance Letter of Credit has been provided in Section 8).

The Construction Observation and Compliance Letter of Credit may be reduced at the discretion of the Permit Manager or Permit Administrator. A one-time or quarterly reduction may occur only if:

- a. Written confirmation from the consultant that all bills and invoices to date have been paid by the Applicant in a timely manner.
- b. All erosion-control features have been installed and maintained during the progress of construction to date.
- c. All construction to date has met or exceeded the requirements of these Permit Regulations.

A 90% release of the Construction Observation and Compliance Letter of Credit will take place if:

- a. A Final Completion and Compliance Certificate are issued after a final inspection has taken place either by the Permit Section Staff or the consultant (see Section 8).
- b. All final consultant bills and invoices have been paid in full.
- c. All turf restoration has been completed within the County right-of-way. Turf cover must be 75% established for every square yard of right-of-way disturbed.

Should the final inspection reveal that terms or requirements of the permit have not been met, the Permit Section Staff or consultant will generate a list of items that must be completed for the issuance of the Final Completion and Compliance Certificate. The Applicant must then complete the items on said list within 30 calendar days. Should the Applicant not complete any item on the list within the 30 days, the County Engineer shall have the right to draw upon the Letter of Credit to complete any uncompleted item on said list with any means he so