

**SAMPLE LETTER OF CREDIT
(VA Start-Up)**

RE 643F (Rev. 6/88)

To: *Escrow*
Address (PO box not acceptable)
City, State, Zip Code

Date:

Re: *Name of Homeowner's Association*
Irrevocable Standby Letter of Credit # _____

Dear Sir or Madam:

We hereby establish our irrevocable Letter of Credit (referenced above) in favor of *Name of Homeowner's Association* , a California Corporation (Association) in an amount up to _____ Dollars (\$ _____) for the account of *Name of Subdivider* (Subdivider) securing Subdivider's obligation to pay Working Capital Funds to the Association in accordance with the Agreement for Payment of Working Capital as required by the Veteran's Administration and the California Department of Real Estate.

Your draft must be accompanied by the following statement executed by an officer of the Association and dated:

The Subdivider has failed to deposit Working Capital Funds with the Association for every lot or unit, title to which is held by Subdivider, as of _____, a date six months following the first conveyance of a lot or unit in the subdivision in accordance with the attached Agreement for Payment of Working Capital.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for one year from the present or future expiration date hereof unless, sixty days prior to such expiration date, we notify Association in writing that we do not intend to renew this Letter of Credit. Upon receipt of such notice, you may draw hereunder by your sight draft accompanied by our statement signed by an officer of the Association that:

We hereby certify that we will hold or disburse funds to discharge the obligation of the Subdivider to deposit Working Capital Funds with the Association pursuant to the attached agreement.

Drafts drawn under this Letter of Credit must bear its number and date.

Partial draws are permitted.

We engage with you that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored on delivery of original certification and original of this Letter of Credit for endorsement of amounts drawn, if presented at this office on or before _____ or any automatically extended date as set forth herein above.

This credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision) International Chamber of Commerce Publication No. 400.

Name of Bank

Authorized Signature of Bank Official

Title

Address

City, State