

**SAMPLE – LETTER OF CREDIT
AUTOMATIC EXTENSION**

LETTERHEAD OF BANK OR OTHER FINANCIAL INSTITUTION
ADDRESS OF FINANCIAL INSTITUTION

DATE

TO: THE CORPORATION OF THE TOWN OF CALEDON
6311 OLD CHURCH ROAD
CALEDON EAST, ONTARIO
L7C 1J6

ATTENTION: TREASURER

Dear Madam/Sir:

RE: Irrevocable Standby Letter of Credit No. _____

We hereby authorize you to draw on **(Name and Address of Bank)**, for the account of **(Customers Name and Address)**, up to an aggregate amount of \$_____ available on demand.

Pursuant to the request of **(Name of Customer)**, we **(Name of Bank)**, hereby establish and give to you an Irrevocable Standby Letter of Credit in your favour in the total amount of \$_____, which may be drawn on by you at any time and from time to time upon written demand for payment made upon us by you which demand we shall honour without inquiring whether you have a right as between yourself and our said customer to make such demand, and without recognizing any claim of our said customer.

Provided, however, that you are to deliver to us at such time as a written demand for payment is made upon us, a certificate confirming that monies drawn pursuant to this Irrevocable Standby Letter of Credit are to be retained and used by you to satisfy the obligation of **(Name of Customer)** to pay the Green Development Charge Discount to you with respect to the building that **(Name of Customer)** has constructed on Lot _____, Concession _____ or Registered Plan _____, being _____ address _____, in the Town of Caledon, Regional Municipality of Peel.

The amount of this Irrevocable Standby Letter of Credit shall be reduced from time to time as advised by notice in writing given to us from time to time by you.

This Irrevocable Standby Letter of Credit will expire at our counters **(Name of Bank)** on **(expiry date)**.

It is a condition of this Irrevocable Standby Letter of Credit that it shall be deemed to be automatically extended for one year from the present or any future expiration date hereof, unless thirty days prior to any such date we shall notify you in writing by Registered Mail that we elect not to consider this Irrevocable Standby Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw hereunder by means of your demand accompanied by your written certification that the amounts drawn will be retained and used by you to satisfy the above obligation; further, that you will release any amounts not required by you to **(Name of Customer)**.

Partial drawings are permitted.

The drawings under this Irrevocable Standby Letter of Credit are to state on their face that they are drawn under **(Name and Address of Bank)**, Irrevocable Standby Letter of Credit No. _____ dated _____.

We hereby agree that drawings under this Irrevocable Standby Letter of Credit will be duly honoured upon presentation provided that all terms and conditions of the Credit have been complied with.

NAME OF BANK OR FINANCIAL INSTITUTION

Per: _____
Per: _____