



Bond, Letter of Credit, or Cash Surety

Township of Acme, Grand Traverse County, Michigan

6042 Acme Road, Williamsburg, MI 49690

Phone: (231) 938-1350 Fax: (231) 938-1510 Web: www.acmetownship.org
Planning & Zoning Administrator: Shawn Winter Email: swinter@acmetownship.org

INFORMATION REGARDING REQUIREMENT OF A BOND, LETTER OF CREDIT, OR CASH SURETY FOR A SPECIAL USE PERMIT

Acme Township generally requires that an applicant, as part of the requirements of a Special Use Permit, provide a Bond, Letter of Credit, or Cash Surety to Acme Township. Most applicants find that it is easier to provide a Letter of Credit, as opposed to a Bond or Cash Surety; normally, a Letter of Credit is easiest for an applicant to obtain. A Letter of Credit can generally be obtained from the financial institution that the applicant is dealing with. The following answers some of the common questions raised by applicants:

1. **Form of Letter of Credit.** Attached is a form Letter of Credit. Financial institutions issuing the Letter of Credit, should issue it in a form similar to the attached. The Letter of Credit must be approved by Acme Township's Attorney prior to Land Use Permit issuance.
2. **Amount of Letter of Credit.** The Letter of Credit should be in an amount sufficient to insure the completion of the exterior development, including landscaping, paving, lighting, drainage and irrigation. It is helpful if the applicant can obtain an estimate form their contractor showing the costs to complete the above mentioned items, and present it to Acme Township so the amount can be agreed to.
3. **Length of Letter of Credit.** Normally the Letter of Credit should last for a year. This will insure that the development is completed, prior to the Letter's expiration. If the development is completed prior to the expiration date of the Letter of Credit, Acme Township, upon request, may notify the financial institution and the Letter of Credit can be canceled. If the Letter of Credit is written for too short a period of time, Acme Township is faced with the necessity of having to draw on the Letter of Credit if the development and the improvements are not completed by the date specified in the Letter. This would neither be in the applicant's or Acme Township's interests.

If the applicant has any questions about the required Letter of Credit, Bond or Cash Surety, they can contact the Acme Township Planning Office, at (231) 938-1350.

STANDBY IRREVOCABLE LETTER OF CREDIT

Date:

Acme Township
c/o Jeffrey L. Jocks
Acme Township Attorney
310 W Front St.
Traverse City, MI 49684

Dear Gentleman:

We have issued in your favor and for the account of _____ our Irrevocable Letter of Credit # _____, which is available for an aggregate amount of _____ (\$ _____) against presentation of your drafts drawn sight on us accompanied by the following document:

A signed statement from an authorized representative of Acme Township, certifying that, "I am an authorized representative of Acme Township and I hereby certify that _____ has failed to comply with the Special Use Permit which was authorized by the Acme Township Board."

This letter may be drawn on to reimburse Acme Township for all costs and expenses incurred by Acme Township in seeking compliance with the Special Use Permit which include costs for the completion of the development, including landscaping, paving, lighting, drainage and irrigation.

Partial drawings on this Letter of Credit are permitted. Copies of this Letter of Credit, along with any subsequent amendments, must accompany all drawings, except for the last drawing or a cancellation of the Letter of Credit, in which case, the drawing or cancellation must be accompanied by the original of this Letter of Credit, along with any amendments.

Each Draft must bear on its face the clause "Drawn under _____ Bank Letter of Credit # _____".

We hereby agree with the bona fide holders of all drafts drawn in compliance with the terms of the Letter of Credit, that such drafts will be dully honored upon delivery of your statement, as specified, if presented to us on or before _____, after which time this Letter of Credit shall expire and no further draws will be permitted.

Except so far as otherwise expressly stated, this Letter of Credit is subject to the Uniform Customs and Practices for Documentary Credits, (1993 Revision), International Chamber of Commerce Publication #500.

Respectfully yours,

Assistant Vice President