EAST COCALICO WATER & SEWER TOWNSHIP AUTHORITY

102 Hill Road, Denver, PA 17517
Phone: (717) 336-1731
Email: water@ecocalicotwpauth.com
www.eastcocalicotownshipauthority.com

REQUIREMENTS FOR IRREVOCABLE LETTER OF CREDIT

1. Must comply with the then required form of the Authority.

2. Issuer must be licensed to do business by the Banking Department of the Commonwealth of Pennsylvania or by the Treasury Department of the United States of America. (Resolution of April 2, 1998)

3. Place of presentation for payment shall be in the Commonwealth of Pennsylvania at no greater distance than 100 air miles from the office of the Authority. (Resolution of April 2, 1998)

4. Place of presentation for payment must be open with normal banking hours set by the Commonwealth of Pennsylvania. (Resolution of April 2, 1998)

IRREVOCABLE LETTER OF CREDIT

Date	Expiration Date	Credit Amount
_____	_____	$_____

Beneficiary

East Cocalico Township Authority
102 Hill Road
Denver, PA 17517

Applicant

_____
_____
_____

Gentlemen:

We ("Bank") herby issue our Irrevocable Letter of Credit in favor of the East Cocalico Township Authority (the "Authority") for any sum or sums not exceeding _____ _____ Dollars ($_____) (hereinafter "Credit Amount") for the account of the above-named Applicant (hereinafter called "Developer").

This Letter of Credit pertains to the plan of _____, containing _____ lots, which was prepared on _____ by _____, Drawing Number _____, and which was submitted to East Cocalico Township on _____.

Intending to be legally bound, we herby agree that:

1. Written demands, in an aggregate amount not exceeding Credit Amount in the form attached hereto and marked Exhibit X (executed by one of the Chairman, Vice Chairman, Secretary or Treasurer of the Authority), shall be duly honored at sight drawn at your option for payment to be made not later than ten (10) days after presentation at our office at _____, before the above Expiration Date.

2. The Expiration Date of this Letter of Credit shall be automatically extended without amendment for additional one (1) year periods beginning with Expiration Date and upon each anniversary of such date, unless at least thirty (30) days prior to such Expiration Date or each anniversary of such date the Bank notifies the Authority in writing, by delivery to its office or by certified mail, addressed to the Authority at the above address, that the Bank elects not to renew this Letter of Credit. This Letter of Credit shall remain in full force and effect during the warranty period which is at least eighteen (18) months from the date when the above-described improvements are fully completed and accepted by Authority.

3. For each yearly period that this Letter of Credit is automatically extended beyond Expiration Date, the amount of this Letter of Credit shall be increased by an additional ten percent (10%) of the unused balance.

SAMPLE

4. Payment under this Letter of Credit shall be made without determination by Bank of conditions or facts pertaining to related contractual agreements between Developer and Authority and without any approval of Developer.

5. Except as otherwise stated herein, this Letter of Credit is subject to the "Uniform Customs and Practice for Documentary Credits (2007 Revision and all subsequent revisions), International Chamber of Commerce Publication No. 600".

6. If this credit expires during an interruption of business, the Bank specifically agrees to effect payment of any draft drawn on this credit within thirty (30) days after the resumption of our business.

7. This Letter of Credit will be governed by the laws of the Commonwealth of Pennsylvania only. All legal proceedings shall be in the Court of Common Pleas of Lancaster County, Pennsylvania, if possible. Any federal legal proceedings shall be heard in Lancaster County, Pennsylvania, if possible, but shall be brought only in U. S. District Court for the Eastern District of Pennsylvania.

Intending to be legally bound hereby, this Letter of Credit has been executed by a duly authorized officer of the undersigned Bank.

Sincerely,

_____ Bank

By: _____
(Name)
(Title)

SAMPLE

EXHIBIT X

TO: (BANK)

RE: Irrevocable Letter of Credit No. 1

I am a duly authorized official (Chairman, Vice Chairman, Secretary or Treasurer) of East Cocalico Township Authority ("Authority").

East Cocalico Township Authority, Lancaster County, Pennsylvania, hereby demands payment of the sum of $_____, and certifies that this demand is made because of the failure of _____ to complete, and in order to enable the Authority to complete, to its satisfaction, improvements and other obligations of the Developer for which your Letter of Credit was issued, and/or to pay any inspection, professional or other fees, and/or to make any capital contributions to the Authority in accordance with all related contractual agreements between the Authority and in connection with the development known as _____.

EAST COCALICO TOWNSHIP AUTHORITY
Lancaster County, Pennsylvania

By: _____

_____
(Name typed)

_____
(Office typed)

SAMPLE