

EXHIBIT #3
(Sample Document)

Town of Cave Creek Irrevocable Letters of Credit
(FORM LETTER OF CREDIT)

[INSERT BANK NAME]
[INSERT LETTER OF CREDIT DOCUMENT NAME]
_____, 20__

Letter of Credit No, _____

Expiration Date: _____

Town of Cave Creek
37622 North Cave Creek Road
Cave Creek, Arizona 85331
Attn: _____

Gentlemen/Ladies:

1. At the request and for the account of our customer, [Insert Developer name], a(n) _____, ("Developer") [Insert Bank Name] ("Bank"), hereby establishes in your favor this [Insert Letter of Credit Document Name] ("Letter of Credit"). This Letter of Credit authorizes you to draw on us in amounts which in the aggregate shall not exceed the "Stated Amount" of _____ and No/100 Dollars (\$_____).
2. You or your duly authorized successor or transferee may obtain the funds available under this Letter of Credit by presentment to us, of your sight draft or drafts drawn on us in the form set forth as Exhibit "A" hereto, accompanied by your executed statement signed by the Town Manager or Acting Town Manager, certifying that the amount set forth in the draft is immediately due and payable and accompanied by the original of this Letter of Credit and Amendment(s) thereto, if any.
- 2A. (i) If cancellation of this Letter of Credit is required before the expiry date stated herein (which may be extended from time to time by amendment by us and acceptance by beneficiary), the original of this Letter of Credit and amendment(s) thereto, if any, must be returned to us accompanied by the beneficiary's letter requesting cancellation in the form attached hereto as Exhibit "B".

- (ii) This letter of credit may also be reduced upon our receipt of a reduction certificate from you in the form of Exhibit "B".
- (iii) We hereby engage with you that draft(s) drawn and required documents presented in compliance with the terms contained in this Letter of Credit will be duly honored upon presentation and delivery to [insert name and Arizona location of Bank], on or before the expiration date hereof.
3. Your sight draft will be honored by payment to you of the draft amount in immediately available funds. Each draft presented for payment under this Letter of Credit must be in the form attached hereto as Exhibit "A."
 4. You may draw the full amount of this Letter of Credit or only part of it, in your discretion, provided that drafts honored by us under this Letter of Credit shall not exceed the Stated Amount available to you under this Letter of Credit.
 5. If Developer does not deliver to you a renewal Letter of Credit at least forty-five (45) days prior to the expiration of this Letter of Credit, then, in addition to other rights available to you under the Agreement, you shall have the right to draw on this Letter of Credit.
 6. We consider this Letter of Credit to be irrevocable and unconditional (except as expressly stated herein) under the terms above mentioned.
 7. The Liability of the Issuer, and any dispute, controversy, claim or cause of action arising out of or related to this issuer, and any dispute, controversy, claim or cause of action arising out of or related to this Letter of Credit shall be governed by Arizona law. Any dispute, controversy, claim or cause of action may be settled by submission with the consent of both parties to binding arbitration in accordance with the rules of the American Arbitration Association and the Arizona Uniform Arbitration Act, and judgment upon any award rendered by the arbitrators may be entered in the Superior Court of Maricopa County, or any such dispute, controversy, claim or cause of action may be litigated in a court of competent jurisdiction. The venue for any such dispute shall be Maricopa County, Arizona, and each party waives the right to object to venue in Maricopa County for any reason.

8. Unless otherwise expressly stated herein, this irrevocable Standby Letter of Credit is subject to the uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500.

Very truly yours,

[Insert Bank Name]

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "A"

Drawn Under [Insert Bank Name] [Insert Letter of Credit Document Name] No. _____

\$ _____ (U.S.) _____, 20__

To: [Insert Bank Name]

Drawn under [Insert Bank Name] [Insert Letter of Credit Document Name] No. _____.

I am a duly authorized representative of the beneficiary of [Insert Bank Name] [Insert Letter of Credit Document Name] No. _____ and hereby certify that the amount drawn hereunder represents funds due as a result of the failure of [Insert Developer Name] to timely and properly complete the improvements described in [or as a result of the failure by [Insert Developer Name] to deliver a renewal letter of credit within the time required under Letter of Credit No. _____.]

Accordingly, please pay to the order of Town of Cave Creek, an Arizona municipal corporation, _____ Dollars (\$_____).

TOWN OF CAVE CREEK

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "B"

Date:

_____ and _____

Ref: Letter of Credit No. _____

As parties to the above referenced Letter of Credit, we request that the following action(s) be taken as evidenced by our initials and signatures below:

Please initial:

_____ Reduce the amount from U.S. \$ _____
to U.S. \$ _____.

_____ Extend the expiration date from _____ to _____.

_____ Cancel this Letter of Credit effective immediately.

Enclosed herewith are the original Letter of Credit documents, including the amendment(s), if any, thereto.

(Note: If any of these documents are not included with this letter, you must specify each missing document and explain the reason why it is not being returned.)

Town of Cave Creek, an
Arizona municipal corporation

By: _____
Name: _____
Title: _____
Date: _____

GUIDELINES FOR COMPLETING LETTER OF CREDIT

The letter of credit must be in the form set forth above. My request to vary from the substantive terms set forth in the form must be reviewed by the Town Attorney prior to acceptance. In addition, the document will need to be approved by several departments in the Town. The financial institution issuing the letter of credit must meet the requirements set forth in Chapter 7 of the Subdivision Ordinance and must be approved by the Town

The following are guidelines for completing the Irrevocable Letter of Credit. This information is intended to assist developers in securing submitting the document in the correct form.

1. The Beneficiary shall be the Town of Cave Creek, Arizona.
2. The Amount must be equal to 110% of the cost of constructing and installing the required improvements. A certified engineer's estimated breakdown of construction cost will be utilized to verify total improvement cost.
3. The Principal must be the developer who is required to construct the improvements.
4. The Bank Name & Address upon which payment would be drawn must be clearly stated on the face of the document.
5. The Text identifying the improvements required must be detailed and reflect the specific improvement type along with the address or location.
6. The Expiration Deadline will be a minimum of two (2) years, with notice of 45 days.
7. The Presentation of Draft requirement will be drawn on a local branch or presentable at a correspondent bank within the central Phoenix/downtown area.
8. The Bank or Financial Institution must be a licensed lender in the State of Arizona and approved by the Town as set forth in Chapter 7 of the Subdivision Ordinance..