

**IRREVOCABLE STANDBY LETTER OF CREDIT TEMPLATE – SUBDIVISION AGREEMENTS  
DRAFT ONLY – USE FINANCIAL INSTITUTION LETTERHEAD**

Address of Bank: \_\_\_\_\_  
Irrevocable Standby Letter of Credit Number: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Applicant: (Name, Address, Postal Code) \_\_\_\_\_

Beneficiary:     The Corporation of the City of Brampton  
                    2 Wellington Street West  
                    Brampton, Ontario L6Y 4R2

We hereby authorize you to draw on (Name of Bank, Address, Postal Code) for the account of (Name of Applicant, Address, Postal Code) up to an aggregate amount of (Amount written out in full) Canadian Dollars (\$ Amount) available on demand.

Pursuant to the request of our customer, (Name of Applicant), we (Name of Bank) hereby establish and give to you an Irrevocable Standby Letter of Credit (“Letter of Credit”) in your favour in the total amount of (Amount written out in full) (CAD \$ Amount) 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 enquiring 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 letter confirming that monies drawn pursuant to this Letter of Credit are to be and/or have been expended pursuant to obligations incurred in connection with a Subdivision Agreement between (insert Developer name on Subdivision Agreement), the Corporation of the City of Brampton and the Regional Municipality of Peel, for the land described as being (insert Legal Description), (21T-\_\_\_\_\_).

The amount of this 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 Letter of Credit will continue up to (insert Expiry Date one year from Date of Issue) and will expire on that date, and you may call for payment of the full amount outstanding under this Letter of Credit at any time up to the close of business on that date. It is a condition of this Letter of Credit that it shall be deemed to be automatically extended for one (1) year from the present or any future expiration date hereof, unless at least thirty (30) days prior to any such date we shall notify you in writing by Registered Mail or Courier that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw by means of your demand accompanied by your above written letter.

Partial drawings are permitted.

The drawings under this Letter of Credit are to state that they are drawn under (Name of Bank, Address, Postal Code), Letter of Credit (Number).

(Signature of Authorized Signing Officer)

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**Note to the Authorized Signing Officer:**

Per the Council approved Letters of Credit Corporate Policy (Policy No. 13.7.0), letters of credit accepted by the City of Brampton must:

- be issued in Canadian funds;
- specify that the letter of credit is irrevocable;
- be registered in the name of the Corporation of the City of Brampton;
- disclose the project file number and municipal address or legal description; and
- include an automatic renewal clause requiring the bank to provide 30 days advance notice to the Treasurer, by registered mail, if it intends not to renew.

A copy of a standard letter of credit acceptable to the City of Brampton is attached. Substitutions in any of the verbiage to the template will necessitate amendments to the letter of credit. The City cannot accept letters of credit which refer to "drafts on sight" or "to be endorsed hereon".

Letters of credit may be accepted from any of the following six banks set out in Schedule 1 of the Bank Act (S.C. 1991, c. 46, or any successors thereto):

- Bank of Montreal;
- Bank of Nova Scotia;
- Canadian Imperial Bank of Commerce;
- Royal Bank of Canada;
- Toronto-Dominion Bank; and
- National Bank of Canada.

A Letter of Credit from other Schedule 1 banks may be accepted but only on the approval of the Treasurer or Deputy-Treasurer.

Letters of credit may be accepted from banks listed in Schedule 2 of the Bank Act (S.C. 1991, c. 46, or any successors thereto) having a Dominion Bond Rating Service rating of R-1, and on the approval of the Treasurer or Deputy-Treasurer.

If the City accepts a letter of credit from a Schedule 2 bank, and the bank subsequently loses its R-1 rating, the City will require a substitute letter of credit from an eligible bank. The substitute letter of credit must be presented to the City within 60 days of the City's request.

Letters of credit from any other institutions, including trust companies and credit unions, will not be accepted.

Please return the signed original letter of credit to the Development Finance Division in the Finance Department, 2<sup>nd</sup> Floor City Hall.