



PAYMENT LETTER OF CREDIT

These presents constitute our irrevocable letter of credit in favor of the County of San Luis Obispo, California, hereinafter referred to as "County", in the aggregate amount of _____ Dollars (\$_____) and is tendered to said County in conformance with Government Code Sections 66499-66499.10 to assure the performance of, hereinafter collectively referred to as "Principal", of their obligations pursuant to that certain Subdivision Agreement regarding Tract No. _____ and executed on _____, 20____, which is attached hereto and made a part hereof.

_____ Bank hereby pledges and guarantees that funds in the amount of _____ Dollars (\$_____) are, and will remain, on deposit and guaranteed for payment to County as follows:

In the event of any default on the part of Principal, his or its heirs, executors, administrators, successors or assigns with respect to the performance of said Subdivision Agreement, the County shall have the right to proceed or to procure others to proceed to perform and complete said improvements and to receive from _____ Bank, on demand, any portions of the above sum, and to apply so much of the said sum as may be required for the satisfaction thereof.

Pursuant to Government Code Section 66499.6, this letter of credit shall be a trust fund to guarantee performance and shall not be subject to levy or attachment by any creditors of the Principals until the Subdivision Agreement is performed to the satisfaction of County as provided hereinafter.

The obligations of _____ Bank under this letter of credit shall become null and void one year from the approval of all completed subdivision improvements by the Board of Supervisors; until such time it shall remain in full force and effect.

As a part of the obligation guaranteed by this letter and in addition to the face amount of this letter, _____ Bank will pay costs and reasonable expenses and fees, including reasonable attorneys' fees, incurred by County in successfully enforcing the obligations secured.

_____, Bank hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Subdivision Agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this letter of credit, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

By: _____.