

[BANK LETTERHEAD]

An Irrevocable Standby Letter of Credit (LOC), which lists the Town of Bethlehem as the Beneficiary, should include the following information:

Letter of Credit No.: _____

Stated Amount: _____

Issue Date: _____

Project Description: *Project Name* _____
Section/Phase _____
Location _____

Work Covered/Purpose: *Street Name(s)* _____
Location/Station(s) _____
Other _____

Applicant/Account Party: *Name* _____
Street Address _____
City, State Zip _____
Telephone No. _____

Beneficiary: *Town of Bethlehem*
Attn: Town Supervisor
445 Delaware Avenue
Delmar, NY 12054
(518) 439-4955

Issuing Bank: *Name* _____
Street Address _____
City, State Zip _____
Telephone No. _____

Place of Expiry: *Name* _____
Street Address _____
City, State Zip _____
Telephone No. _____

Stated Expiration Date: _____

Ultimate Expiration Date: _____

Partial drawings are permitted.

Irrevocable Standby Letter of Credit No. _____:

An Irrevocable Standby Letter of Credit (the "Letter of Credit") has been established by _____ (the "Bank") for the account of _____ (the "Account Party"), in favor of the Town of Bethlehem (the "Beneficiary").

Amount: Subject to the terms and conditions herein, this Letter of Credit authorizes the Beneficiary to draw an aggregate amount not to exceed _____ Dollars (USD \$ _____) (the "Stated Amount").

Automatic Extension: It is a condition of this Letter of Credit that it shall be deemed automatically extended for one (1) year from the present or any future expiration date hereof, but in no event later than its ultimate expiration date of _____, unless at least sixty (60) days prior to any such date Bank shall notify Beneficiary in writing at the above address via certified mail, return receipt requested, or courier service that Bank elects not to so renew this letter of credit for any such period.

Requisites for Drawing: Bank hereby agrees with the Beneficiary that drawings under and in compliance with the terms of this Letter of Credit (collectively the "Drawings") shall be honored by Bank with its own monies, and not monies of the Account Party, upon presentation in the form and by the means provided below on a Business Day on or before the Stated Expiration Date. "Business Day" means any day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the County of Albany, New York are required or authorized by law to close.

Requests for Drawings under this Letter of Credit shall be documented by the Beneficiary Certificate in the form of Annex A hereto on Beneficiary's letterhead, and executed by the Supervisor and attested by the Clerk of the Beneficiary. Each Drawing honored shall reduce the Stated Amount, and Drawings may not in the aggregate exceed the Stated Amount.

Bank shall have no duty to verify the correctness or completeness of any certificate or instructions delivered to Bank by the Beneficiary, but rather, may rely without question on any Beneficiary Certificate as to the amount for any Drawing, Reduction or Reinstatement.

PARTIAL DRAWINGS ARE PERMITTED.

Timing of Payments: Drawings and other Certificates and Notices, in the form of Annex A, may be presented by means of facsimile transmission, with telephone confirmation and original documents to follow by United States mail, or by courier to:

Bank Name:
Standby Letter of Credit Department
Street Address:
City/State/Zip:
Telephone Number:
Facsimile Number:

Drawings which strictly conform to all terms and conditions of this Letter of Credit and are received by Bank before 11:00 a.m., prevailing Eastern Time, on a Business Day, will be honored before 3:00 p.m. on the same Business Day.

Payment Instructions: Drawings will be paid by means of Bank check or, at the request of the Beneficiary, by electronic funds transfer, provided that the Beneficiary shall provide complete funds transfer instructions at the time of the draw.

This Letter of Credit shall expire on the earliest of: (a) the close of business on the Stated Expiration Date; (b) the date on which Bank honors a Drawing which exhausts the Stated Amount; or (c) the date on which Bank receives a certificate, in the form of Annex A, signed by the Supervisor and attested by the Clerk of the Beneficiary certifying that all conditions have been met for the release of the Letter of Credit or the Beneficiary has accepted a substitute Letter of Credit, accompanied by the original of this Letter of Credit.

This Letter of Credit shall be governed by and construed in accordance with the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 (the "UCP"). As to matters not governed by the UCP, this Letter of Credit is subject to the laws of the State of New York as in effect from time to time.

This Letter of Credit sets forth in full the undertaking of Bank, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.

[NAME OF BANK]

By: _____

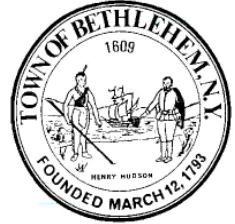
Title: _____

Telephone #: _____

John H. Cunningham
Town Supervisor

Kathleen Newkirk, MMC, RMC
Town Clerk

**TOWN OF
BETHLEHEM**
Albany County - New York
445 DELAWARE AVENUE
DELMAR, NEW YORK 12054
(518) 439-4955 x 1183
(518) 439-1699 Fax



ANNEX A

CERTIFICATE FOR DRAWING, REDUCTION OR REINSTATEMENT

Bank Name:
Standby Letter of Credit Department
Street Address:
City/State/Zip:

Reference is made to the Irrevocable Standby Letter of Credit No. _____ (the "Letter of Credit") issued by _____ ("Bank"). Any term below that is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of the Town of Bethlehem, Albany County, New York ("Beneficiary") hereby certifies to Bank that:

1. The Town is making a drawing under the Letter of Credit as a result of either (a) failure of the Account Party to honor their contractual agreement covering the remaining work within the specified project on or before the required date therefore in accordance with applicable requirements, or (b) failure of the Account Party to deliver an amended or substitute letter of credit or other acceptable security not less than thirty (30) days prior to the Stated Expiration Date, in the amount of the Stated Amount or such lesser amount as shall be determined by the Town, where such construction of project improvements has not been completed before the date of this Drawing.
2. The amount of this Drawing is \$_____.
3. Remittance of this Drawing shall be made by one of the following:
 - ___ Bank check payable to the Town of Bethlehem
 - ___ Electronic funds transfer via Fedwire to the undersigned at
 Account Number: _____
 Account Title: _____
 Routing/Transit Number: _____
 Bank Name: _____
 Bank Address: _____

IN WITNESS WHEREOF, the undersigned has executed and delivered the Certificate as of the _____ day of _____, 20____.

TOWN OF BETHLEHEM

Executed by: _____
Title: Town Supervisor

Attested by: _____
Title: Town Clerk