



In situations where, for any purpose, the City of Richmond requires the security of a Letter of Credit, such Letter of Credit shall contain statements, clauses or provisions to ensure the following:

1. That the Letter of Credit is unconditional and irrevocable;
2. That the issuing financial house is a bank, credit union, or trust company;
3. That draws on the Letter of Credit must be able to be presented to and acceptable by a financial house in Richmond. In extreme cases, presentation in Vancouver may be acceptable, but reasons why presentation in Richmond is not possible must satisfy the City Treasurer-Collector;
4. That demands for payment will be honoured without questioning the City's right to make draws or the reasons given for making such draws;
5. That the City, in its covering letter to the sight draft, need only identify the Letter of Credit number, the company or party for whom it was supplied, and an identification of the project by address;
6. That partial drawings are permitted;
7. That the project to which the Letter of Credit applies is identified by civic address and, where such exists, the City's file number for the subdivision, Development Permit or Development Cost Charge with reference to which the Letter of Credit is provided; and
8. That the Letter of Credit contain an “**Automatic Renewal Clause**” as follows:

“It is a condition of this credit that it shall be deemed to be automatically extended, without amendment, for one year from the present or any future expiration date hereof, unless thirty (30) days prior to such date, we [bank] shall notify the beneficiary [Richmond] in writing by registered mail, that we elect not to consider this credit to be renewed for any such additional period. Upon receipt by the beneficiary of such notice, they may draw here under by means of their signed written demand for payment”.

For all Letter of Credit adjustments, changes and drawdowns, the City will issue letters directly to the Developer with a copy to the Financial Institution. We will either send these documents through the mail or fax the appropriate material directly.

If a Financial Institution requires an acknowledgement of a Letter of Credit, the Letter of Credit must be sent in duplicate. The City will acknowledge receipt of the duplicate and return it to sender. Separate letters of acknowledgement will not be issued.

All cheques requested by the City as part of Development Cost Charge drawdown must be certified and must accompany the reduced Letter of Credit when submitted to the City. We must have both documents to accept the reduced Letter of Credit.

A Letter of Credit containing any restriction or requirement other than those outlined above is not acceptable. Acceptance of any Letter of Credit by City staff is subject to its approval by the City Treasurer-Collector.