EXAMPLE LETTER OF CREDIT

Updated September 18, 2014

This example letter of credit bid guarantee provides a standard format for California auction or reserve sale applicants and is meant as a guide only. Auction or reserve sale applicants will need to work with their financial institutions to ensure all the requirements are met, as described in Attachment A to the Auction Notice posted for each auction or reserve sale, prior to submitting any bid guarantee documents to the Financial Services Administrator. For questions on bid guarantee submittal for an auction or reserve sale, please contact Deutsche Bank National Trust Company at db.wcisupport@db.com or call (212) 250-6645.

Provided below is an example letter of credit and with areas highlighted that need to be completed by the issuing bank:

[DATE:] _____

[ISSUING BANK – BRANCH] _____

PLEASE ISSUE AN IRREVOCABLE STANDBY L/C AS FOLLOWS. PLEASE EMAIL A COURTESY COPY AND SEND ORIGINAL L/C TO:

MAILING ADDRESS:
AUCTION AND RESERVE SALE FINANCIAL SERVICES ADMINISTRATOR
C/O DEUTSCHE BANK TRUST COMPANY AMERICAS
60 WALL STREET, 16TH FLOOR
MAILSTOP: NYC60-1630
NEW YORK, NY 10005-2836
PHONE: (212) 250-6645
EMAIL: DB.WCISUPPORT@DB.COM

BENEFICIARY:
DEUTSCHE BANK NATIONAL TRUST COMPANY
60 WALL STREET, 16TH FLOOR
NEW YORK, NY 10005-2836

LADIES AND GENTLEMEN:

BY THE ORDER OF:

LEGAL OR OPERATING NAME OF AUCTION APPLICANT: _____
ADDRESS OF APPLICANT: _____
REFERENCE: _____ (Insert Entity CITSS ID # If Available)
FAX: _____
ATTN: _____

1. WE HEREBY ESTABLISH IN YOUR FAVOR THIS IRREVOCABLE LETTER OF CREDIT (THIS "LETTER OF CREDIT") FOR THE ACCOUNT OF _____ (Insert the Applicant's Legal or Operating Name), IN THE AMOUNT OF USD XX,XXX,XXX.XX (XXXXX MILLION US DOLLARS), EFFECTIVE IMMEDIATELY AND AVAILABLE TO YOU AT SIGHT UPON DEMAND BY YOU AT OUR COUNTERS AT _____ (Insert Contact Information Details Including Phone Number and Location) AND EXPIRING ON _____, 201_, (Note: the earliest expiration date for a Letter of Credit is twenty-six (26) days after the date that the subject auction or reserve sale is conducted.) UNLESS TERMINATED EARLIER IN ACCORDANCE WITH THE PROVISIONS HEREOF OR OTHERWISE EXTENDED.

2. THIS LETTER OF CREDIT IS ISSUED AT THE REQUEST OF THE APPLICANT, AND WE HEREBY IRREVOCABLY AUTHORIZE YOU TO DRAW ON US, IN ACCORDANCE WITH THE TERMS AND CONDITIONS HEREOF, UP TO THE MAXIMUM AMOUNT OF THIS LETTER OF CREDIT, SUBJECT TO REDUCTION AS PROVIDED IN PARAGRAPH 8 HEREOF. THIS LETTER OF CREDIT MAY BE DRAWN BY PRESENTING THE FOLLOWING DOCUMENTS:

    A. YOUR SIGHT DRAFT DRAWN ON US IN THE FORM OF ANNEX 1 HERETO (THE "SIGHT DRAFT"); AND

    B. A DATED PAYMENT CERTIFICATE PURPORTEDLY SIGNED BY A DULY AUTHORIZED OFFICER OF THE BENEFICIARY IN THE FORM OF ANNEX 2 HERETO (THE "PAYMENT CERTIFICATE").

3. DEMANDS PRESENTED BY FACSIMILE: _____ (Insert Facsimile Number / ATTN) ARE ACCEPTABLE.

4. ONLY YOU MAY MAKE ANY PAYMENT CERTIFICATE AND SIGHT DRAFT UNDER THIS LETTER OF CREDIT.

5. ALL BANK CHARGES INCLUDING BUT NOT LIMITED TO, FEES OR COMMISSIONS, SHALL BE FOR APPLICANT'S ACCOUNT.

6. THIS LETTER OF CREDIT SHALL AUTOMATICALLY TERMINATE AND BE DELIVERED TO US FOR CANCELLATION ON THE EARLIEST OF (I) THE MAKING BY YOU AND PAYMENT BY US OF THE DRAWINGS IN AN AMOUNT EQUAL TO THE MAXIMUM AMOUNT AVAILABLE TO BE MADE HEREUNDER, (II) THE ABOVE-STATED EXPIRATION DATE HEREOF.

7. AS USED HEREIN:

    "BUSINESS DAY" SHALL MEAN ANY DAY ON WHICH COMMERCIAL BANKS ARE NOT AUTHORIZED OR REQUIRED TO CLOSE IN NEW YORK, NEW YORK AND ANY DAY ON WHICH PAYMENTS CAN BE EFFECTED ON THE FEDWIRE SYSTEM.

8. THE AMOUNT WHICH MAY BE DRAWN BY YOU UNDER THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY DRAWINGS PAID THROUGH US REFERENCING THIS LETTER OF CREDIT NO. _____ (Insert Letter of Credit No.).   PARTIAL DRAWINGS ARE PERMITTED HEREUNDER.

9. THIS LETTER OF CREDIT IS NOT TRANSFERABLE, AND EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION 600 (PROVIDED, AS TO MATTERS NOT GOVERNED BY THE UCP, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE U.S. FEDERAL LAW.

10. WE HEREBY AGREE WITH YOU THAT EACH DULY COMPLETED PAYMENT CERTIFICATE AND SIGHT DRAFT DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED UPON PRESENTATION TO US ON OR BEFORE THE EXPIRY DATE. IF DOCUMENTS ARE PRESENTED PRIOR TO 12:00 PM EASTERN STANDARD TIME ON ANY BUSINESS DAY, WE WILL HONOR THE SAME IN FULL IN IMMEDIATELY AVAILABLE FUNDS ON THE SAME BUSINESS DAY AND, IF SO PRESENTED AFTER 12:00 PM EASTERN STANDARD TIME ON ANY BUSINESS DAY, WE WILL HONOR THE SAME IN FULL IN IMMEDIATELY AVAILABLE FUNDS ON THE NEXT BANKING DAY FOLLOWING PRESENTATION.

VERY TRULY YOURS,

(Insert Name and Address of Issuing Bank and Name of Contact Individual)

NAME: _____ (Insert Name of Issuing Bank)

ADDRESS: _____ (Insert Address of Issuing Bank)

NAME: _____ (Insert Name of Contact)

TITLE: _____ (Insert Title of Contact)

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VERY TRULY YOURS,
APPLICANT

ANNEX 1 IRREVOCABLE LETTER OF CREDIT

SIGHT DRAFT

LETTER OF CREDIT NO.: _____

DATE OF LETTER OF CREDIT: _____

DATE OF DRAFT: _____

TO: (BANK)

            (ADDRESS)

            (FAX):

ATTENTION: _____

FOR VALUE RECEIVED

PAY ON DEMAND TO: DEUTSCHE BANK NATIONAL TRUST COMPANY, USD _____ DOLLARS (USD $_____). THE AMOUNT OF THIS DRAFT DOES NOT EXCEED THE AMOUNT AVAILABLE TO BE DRAWN BY THE BENEFICIARY UNDER THE LETTER OF CREDIT.

WE ACKNOWLEDGE THAT, UPON YOUR HONORING THE DRAWING HEREIN REQUESTED, THE AMOUNT OF THE LETTER OF CREDIT AVAILABLE FOR DRAWING SHALL BE AUTOMATICALLY DECREASED BY AN AMOUNT EQUAL TO THIS DRAWING.

CHARGE TO ACCOUNT OF [APPLICANT].

DRAWN UNDER [NAME OF BANK] LETTER OF CREDIT NO. _____.

FUNDS TO BE WIRED TO:

ABA ROUTING NUMBER: _____

RECEIVING BANK: _____

BENEFICIARY: _____

ORIGINATING BANK INFORMATION (OBI FIELD):
VERY TRULY YOURS,

BY _____
NAME:
TITLE:
DATE:

ANNEX 2 IRREVOCABLE LETTER OF CREDIT

PAYMENT CERTIFICATE

TO: [INSERT ISSUING BANK]

   [INSERT ADDRESS]

RE: IRREVOCABLE LETTER OF CREDIT NO: _____ [INSERT]

THE UNDERSIGNED, A DULY AUTHORIZED OFFICER OF THE UNDERSIGNED BENEFICIARY, HEREBY SUBMITS THIS PAYMENT CERTIFICATE TO [ISSUING BANK"] WITH REFERENCE TO THE IRREVOCABLE LETTER OF CREDIT NO: [INSERT] ("LETTER OF CREDIT"), IN CONNECTION WITH A WINNING BID IN THE GHG ALLOWANCE AUCTION OR RESERVE SALE AND DEUTSCHE BANK NATIONAL TRUST COMPANY IS AUTHORIZED AND ENTITLED TO DRAW ANY AMOUNT UP TO THE MAXIMUM ALLOWED BY THE ATTACHED LETTER OF CREDIT.

THE TERMS USED HEREIN WHICH ARE NOT SPECIFICALLY DEFINED HEREIN ARE DEFINED IN THE LETTER OF CREDIT, A COPY OF WHICH IS ANNEXED HERETO.

IN WITNESS WHEREOF, THE BENEFICIARY HAS EXECUTED AND DELIVERED THIS PAYMENT CERTIFICATE AS OF THE ____ DAY OF _____.

VERY TRULY YOURS,

BY _____
NAME:
TITLE:
DATE: