

SAMPLE

*** TO THE BANK:** The notes in the margins are here to draw your attention to common errors which occur when banks issue the letter of credit. Please review these areas prior to mailing the finished document to us.

Letter of Credit Format (Issued on Bank Letterhead)

ISSUE DATE: _____

ILOC NO: _____

BENEFICIARY:

New Home Warranty Insurance Company
A Risk Retention Group
10375 East Harvard Avenue, Suite 100
Denver, CO 80231

APPLICANT:

(Builder Name and Address)

* Applicants name must match name on page 1 of the Builder Proposal and Agreement which our mutual customer has completed.

AMOUNT: \$_____

EXPIRATION DATE: _____

(Expiration Date Must be at Least
12 Months from Issue Date or an
Evergreen clause is acceptable)

* An actual date needs to be entered here

Gentlemen:

We hereby establish our irrevocable Letter of Credit Number _____ in your favor for the account of (Builder's Name) in the amount of \$_____, available upon presentation of your draft(s) drawn on (Name of Bank) at sight and accompanied by:

1. A statement executed by an authorized official of New Home Warranty Insurance Company, Inc., A Risk Retention Group ["NHWIC"], certifying that (Builder's Name) has failed to perform its obligations as a member of the 2-10 Home Buyers Warranty[®] Program and of NHWIC and that such failure entitles NHWIC to draw on Irrevocable Letter of Credit Number _____; and
2. Original of this Irrevocable Letter of Credit.

We engage with you that draft(s) drawn under and in accordance with the terms of this Letter of Credit shall be duly honored upon presentation and delivery of documents as specified above if drawn and negotiated on or before the expiration date indicated above.

Draft(s) must be marked "Drawn on (Name of Bank), Irrevocable Letter of Credit Number _____."

Except so far as otherwise stated, this Irrevocable Letter of Credit is subject to the "Uniform Customs and Practice for Documentary Credit (1993 Revision)," International Chamber of Commerce Publication No. 500.

Name of Bank

Authorized Signature

Name and Title of Authorized Signature

* Must read exactly as shown

* Entire paragraph must read exactly as written here, filling in the builder's name and letter of credit number