



CITY OF HAGERSTOWN, MARYLAND

Engineering & Inspections Department
Rodney Tissue, City Engineer

March 25, 2002

TO: Mary Reichert, Permit Coordinator
Al Moyseenko, Construction Inspection Supervisor
Jim Bender, Assistant City Engineer
Mark Boyer, City Attorney

FROM: Rodney Tissue, City Engineer *RTO*

RE: Surety for Private Development

To protect the City and to insure complete and satisfactory compliance, we often require for work to be completed by private developer for permits involving road widening, stormwater management structures, large street cuts, etc.

Attached find three sample sureties that can be distributed to developers/contractors. Approved types of sureties include:

1. Performance Bond (format attached)
2. Letter of Credit (format attached)
3. Personal Account Letter of Credit (format attached)
4. Certified Check (made payable to the "City of Hagerstown", Federal ID or Social Security No. is required)

Prior to obtaining the applicable permits, the permittee shall submit the required surety, in an acceptable form, for 100% of the construction cost estimate of the work proposed. This estimate must be approved by the City. The surety must be in the permit applicant's name.

When requested by the City, a current Certificate of Insurance, approved by the City, shall also be received prior to issuance of the permit.

If you have any questions or comments, please contact me.

Attachments: As noted
c: Working file

THIS IS A SAMPLE FORMAT TO BE FOLLOWED BY THE BANK FOR THE ISSUANCE OF A LETTER OF CREDIT

THE OFFICIAL LETTER OF CREDIT MUST BE ON BANK LETTERHEAD

CITY OF HAGERSTOWN
OFFICE OF CITY ENGINEER
1 EAST FRANKLIN STREET
HAGERSTOWN, MARYLAND 21740

(date)

RE: · IRREVOCABLE LETTER OF CREDIT NO. _____
(Description & Location where work is to be accomplished)

Gentlemen:

We hereby authorize you to draw on (NAME AND ADDRESS OF BANK), for the account of (NAME OF PERMITTEE), in a sum not to exceed (DOLLAR AMOUNT), by your sight draft (s) without any documents required. The draft shall cover the cost of construction and/or completion of construction of all the terms and work stipulated in the permit, and in accordance with plans prepared by (FIRM) and approved by the City Engineer on (DATE).

It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for one (1) year from the present or any future expiration date unless thirty (30) days prior to such expiration date you are notified by registered letter, that we elect not to consider this Letter of Credit renewed for any such additional period.

Each Draft drawn under the Letter of Credit must state "Drawn under (BANK NAME AND ADDRESS), (LETTER OF CREDIT NUMBER), dated (DATE), from the account of (PERMITTEE)."

We hereby agree with bona fide holders of drafts drawn under and in compliance with the terms of this Letter of Credit that such drafts will be duly honored upon presentation.

(NAME OF BANK)

ATTEST:

(NAME OF WITNESS)

BY: (AUTHORIZED OFFICIAL)

THIS IS A SAMPLE FORMAT TO BE FOLLOWED BY A BANK IN THE ISSUANCE OF A PERSONAL ACCOUNT TYPE LETTER OF CREDIT. THE PERSONAL ACCOUNT LETTER OF CREDIT MUST BE ON BANK LETTERHEAD AND SIGNED BY AN AUTHORIZED BANK OFFICIAL AND THE PERMITTEE.

CITY OF HAGERSTOWN
OFFICE OF CITY ENGINEER
1 EAST FRANKLIN STREET
HAGERSTOWN, MARYLAND 21740

(date)

RE: (Permit No.) _____
(Description & Location where work is to be accomplished)

Gentlemen:

This letter is to verify that (NAME OF BANK), has placed a hold on funds in account # (PERSONAL ACCOUNT OF PERMITTEE), controlled by the applicants (NAME OF PERMITTEE - APPLICANT). The City of Hagerstown may draw on these funds in the form of a sight draft not to exceed (DOLLAR AMOUNT), without any documents required. The sight draft should be mailed to: (NAME AND COMPLETE ADDRESS OF BANK).

The draft shall cover only the cost of construction and/or completion of construction of all the terms and work stipulated in the City of Hagerstown permit and in accordance with plans prepared by (FIRM) and approved by the City Engineer on (DATE). The draft must be drawn and negotiated on or before (DATE - MINIMUM ONE YEAR FROM DATE OF LETTER), and should identify the permit application and the parties thereto.

It is a condition of this letter, that the City of Hagerstown upon completion of work stipulated in the City permit, notify the Bank by registered letter of such completion and cancel this letter, otherwise the bank shall automatically extend the letter for one additional year until notified by registered letter that the City elects to renew for any such additional period,

The Bank hereby agrees to pay sight draft drawn under and in compliance with the terms of this letter upon presentation,

Sincerely,
(NAME OF BANK)

By: _____
(authorized bank official)

(witness)

Authorized to honor sight draft on account # (PERSONAL ACCOUNT OF PERMITTEE) under the terms outlined in this letter,

Attest:

(Witness)

(name of Permittee)

Attest:

(Witness)

(name of Permittee)