

LABOR AND MATERIAL
INSTRUMENT OF CREDIT
TO
GUARANTEE PAYMENT
OF SUBDIVISION IMPROVEMENTS

This Agreement, an Instrument of Credit, wherein the undersigned, _____, Financial Institution, subject to regulation by the State and Federal Government, hereby pledges that funds in the amount of _____, are credited to the account of _____, Subdivider, and are trust funds for the purpose of guaranteeing to the CITY OF VISALIA, hereinafter referred to as the "City", payment to contractor(s), subcontractor(s), and to persons renting equipment or furnishing labor and materials to them, for all required improvements in that certain subdivision known as _____ in accordance with the subdivision improvements agreement therefore, between the Subdivider and the City, dated _____, a copy of which is attached hereto and made a part hereof.

Financial Institution will hold said funds, determined to be fifty percent (50%) of the estimated cost of said improvements, until such time as a letter is received from the City Engineer authorizing its release. Said release letter shall be dated not less than thirty-five (35) days after the completion and acceptance of the work by the City. In the event claims are made, an action filed and notice thereof given in writing to the City within said thirty-five (35) day period, the security shall not be reduced in an amount less than the total of such claims.

In the event Subdivider fails to pay the contractor(s), subcontractor(s), and persons renting equipment or furnishing labor or materials to them, the City shall submit a written demand to the Financial Institution to pay the same in an amount not exceeding the sum specified in this Agreement to the identified contractor(s), subcontractor(s), and persons renting equipment or furnishing labor or materials to them. Upon receipt of the demand from the City, the Financial Institution shall make such payment(s) as demanded. Subdivider shall not be able to contest the demand by the City to the Financial Institution.

The funds herein above referred to shall constitute an irrevocable trust for the benefit of the City and the Subdivider's contractor(s), subcontractor(s), and to persons renting equipment and furnishing labor and materials to them and may be modified or revoked only with the consent of the Subdivider and the City.

Financial Institution acknowledges that the City shall be entitled to recover its costs and reasonable expenses, including reasonable attorney's fees, incurred in connection with the enforcement of Financial Institution's agreements herein.

The undersigned Subdivider agrees to pay all expenses in connection herewith.

The

(Name of Financial Institution)
hereby agrees to all the terms and conditions of
the foregoing instrument of credit and agrees to
be bound thereby.

(Authorized Agent)

By _____
Signature Date

Print Name: _____

The undersigned Subdivider hereby agrees to
all the terms and conditions of the foregoing
instrument of credit and releases the financial
institution executing said instrument of credit
from all liability except as therein specifically set
forth.

Approval is hereby given to the
foregoing instrument of credit.

CITY OF VISALIA

SUBDIVIDER

By _____
Douglas S. Damko for City Engineer

By _____
Signature

Print Name: _____