

CITY OF VISALIA
WARRANTY AGREEMENT
INSTRUMENT OF CREDIT

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", the work, labor and materials furnished for the construction of 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 together with any subsequent amended agreement.

Financial Institution will hold said funds, determined to be ten percent (10%) of the estimated cost of said improvements, as a guarantee against any defective work or labor done or defective materials furnished during the construction of the improvements as described therein for a period of one year following acceptance of said improvements by the City. This Agreement shall terminate if funds are fully released to the City or one year passes without the City demanding the funds, whichever comes first.

In the event Subdivider fails to repair and/or replace any defective work or labor done or defective materials furnished for the construction of improvements to the satisfaction of the City pursuant to the agreement attached hereto, the City shall submit a written demand to the Financial Institution to make available to the City or its designee the funds on hand to make such repair and/or replacement. The City's written demand shall be accompanied by a signed statement from the City Engineer or other designated officer to the effect that such repair and/or replacement have not been completed to the satisfaction of the City and as required by the Subdivider pursuant to the agreement attached hereto. Upon receipt of the demand from the City, the Financial Institution shall release the funds to make such repair and/or replacement. Subdivider shall not be able to contest the demand by the City to the Financial Institution.

The City agrees that (I) all funds released to it by Financial Institution pursuant to this Agreement shall be used solely for the purpose of repairing and/or replacing said improvements, and for no other purpose, and (II) the repairing and/or replacing of said improvements shall, at the option of Financial Institution, be under Financial Institution direction. If Financial Institution does not exercise its option set forth in (II) above, the City further agrees after release of such funds to complete as promptly as possible the repair and/or replacement said improvements as required in the event that Subdivider fails to do so, and to indemnify Financial Institution from any liability arising to it by virtue of the release of such funds to the City.

The funds herein above referred to shall constitute an irrevocable trust for the benefit of the Subdivider and the City and may be modified or revoked only with the consent 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: _____

Approval is hereby given to the foregoing instrument of credit.

CITY OF VISALIA

By _____
Douglas S. Damko for City Engineer

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.

SUBDIVIDER

By _____
Signature

Print Name: _____