

## Minimum Requirements for Letters of Credit issued to the Michigan Department of Natural Resources

### TO THE FINANCIAL INSTITUTION:

The financial institution will supply its own Letter of Credit agreement. Each and every Letter of Credit must meet the following criteria:

1. The Letter of Credit must be issued on official financial institution letterhead. Photocopies are not acceptable.
2. A financial institution authority must sign and date the Letter of Credit in ink.
3. The beneficiary and party to whom the Letter of Credit is to be addressed is:  
**Director, Michigan Department of Natural Resources**
4. The address to deliver the original Letter of Credit is Department of Natural Resources, Division Name and address provided on the DIVISION instruction sheet.
5. The permittee name and address and the Division Name must be listed in the Letter of Credit.
6. Partial drawings are permitted without canceling the Letter of Credit balance.
7. The Letter of Credit must be subject to the Uniform Customs and Practices for Documentary Credits (1993 Revision, International Chamber of Commerce Publication No. 500), and the Michigan Uniform Commercial Code, where applicable.
8. When the Department determines that the Letter of Credit is no longer necessary, the Division will return the Letter of Credit to the financial institution it was drawn on. In no case will the Letter of Credit be returned directly to permittee.

## Sample "Irrevocable Letter of Credit"

IRREVOCABLE LETTER OF CREDIT # \_\_\_\_\_

Expiration Date \_\_\_\_\_

Program: \_\_\_\_\_ (example: Forest, Mineral and Fire Management)

Director, Michigan Department of Natural Resources

C/O \_\_\_\_\_ Division (example: Forest, Mineral and Fire Management)

PO BOX \_\_\_\_\_  
LANSING MI 48909

We hereby issue our irrevocable Letter of Credit # \_\_\_\_\_ in your favor on behalf of \_\_\_\_\_, located at \_\_\_\_\_ hereafter known as the Company, for a sum of \$ \_\_\_\_\_, ( \_\_\_\_\_ and \_\_\_\_\_ /100 dollars), available by your drafts at sight drawn on our institution \_\_\_\_\_. Drafts must be marked "Drawn under \_\_\_\_\_", Letter of Credit # \_\_\_\_\_, dated today's date. We are a bank or financial institution which has the authority to issue Letters of Credit. Our Letter of Credit operations are regulated and examined by \_\_\_\_\_.

This Letter of Credit is irrevocable, unconditional, and transferable without charge upon receipt of your written instructions.

This Letter is issued to provide financial assurance to the State of Michigan for Act 451 of 1994.

This Letter of Credit shall be automatically extended for a period of at least one year unless, not less than 120 days before the current expiration date, we notify both the Company and the Division by certified mail of our decision not to extend the expiration date. We agree that the 120 day period shall begin on the date when both the Company and the Division have received the notice, as evidenced by the return receipt.

The Director or an authorized Department of Natural Resources representative may draw on this Letter of Credit in the event that; (1) the Company has failed to meet contractual obligations determined by the Department or; (2) the Company fails to provide the Director with an extension of this Letter of Credit or with an acceptable replacement Letter of Credit or other financial assurance not less than sixty (60) days prior to the expiration date of this Letter of Credit.

Partial drawings are permitted. This original Letter of Credit must be submitted to us together with any drawings hereunder for our endorsement of any payments effected by us and/or cancellation.

This Letter of Credit is subject to the Uniform Customs and Practices for Documentary Credits (1993 Revision, International Chamber of Commerce, Publication No. 500), and the Michigan Uniform Commercial Code, where applicable. Where conflicts exist between Uniform Customs and Practices for Documentary Credits and the Michigan Uniform Commercial Code, the Michigan Uniform Commercial Code shall control.

We engage with you that drafts drawn in conformity with the terms of this Letter of Credit will be duly honored upon presentation if presented at this office on or before \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Financial Institution Authority Signature

and

\_\_\_\_\_  
Financial Institution Authority Title