

APPENDIX A: FINANCIAL COMMITMENT

GENTLEMEN:

We hereby establish our irrevocable credit in favor of _____ [developer] _____, or the municipality of _____ in the amount of _____ Dollars (\$_____). We understand that this irrevocable credit is to be used to construct the following improvements in the residential development known as _____ to be constructed within the _____ of _____, Illinois:

streets; sidewalks; street lights; the portion of sanitary sewers, storm sewers, and water mains to become municipality-owned; recreational facilities (including a recreational building and a swimming pool and appurtenances thereof); and, landscaping in common areas.

The development is legally described as follows: [Legal Description]

We shall make payouts from this irrevocable commitment as follows:

If we have not been notified by the municipality of a default by the owner and/or developer, we shall disburse the funds for labor and materials furnished by contractors in accordance with the sworn statement on order of the owner, the submission of proper lien waivers from the contractors engaged in such work, and the certificate by the municipal engineer, _____ [his name] _____, that such work has been properly completed, however, that we shall withhold from each payment made under such sworn statement(s) or order(s) an amount equal to ten percent (10%) thereof until all improvements have been completed except final surfacing of the streets and sidewalks, at which time the ten percent (10%) sum withheld shall be disbursed less a sum equal to one hundred and twenty-five percent (125%) of the cost of the final surfacing of the streets, which sum shall be finally disbursed when the work has been completed and the requirements of certification and lien waivers as has been hereinabove set out.

The required improvements shall be completed in accordance with the following schedule: [Insert Schedule].

If we receive a resolution of the corporate authorities of the municipality indicating that the owner and/or developer has failed to satisfactorily complete or carry on the work of the installation and construction of the required improvements, and such resolution indicates that the owner and/or developer has been notified that the municipality finds that a breach of the owner's and/or developer's obligations has occurred and have not been cured within a period of thirty (30) days, that in such case we shall make payments for materials and labor to such contractor(s) or subcontractor(s) retained by the municipality who have completed the improvements in substantial accordance with the plans and specifications of the owner and/or developer; such payments shall be made upon the certification of the municipal engineer that

the work has been completed and the submission of proper waiver of liens from the contractor(s) or subcontractor(s). The amount of the payouts shall be in accordance with the retention provisions as previously set out.

The irrevocable credit established by us shall be in force for a period of _____ (_____) years, and shall remain in effect without regard to any default in payments of sums owned us by the owner and/or developer and without regard to other claims which we may have against the owner and/or developer. Sixty (60) days prior to the expiration of this irrevocable credit, we shall notify the corporate authorities of the municipality, by registered letter return receipt requested, of the impending expiration date. This commitment shall not terminate without such notice. If the work covered by this commitment has not been completed within the time set forth in this agreement, the municipality may at its option continue drawing funds as otherwise provided for an additional period of one (1) year. It is recognized that the municipality is according to the owner and/or developer the permission to proceed with the development project expressly upon the guarantee of the irrevocable nature of this commitment. It is further acknowledged that the consideration for this irrevocable commitment is provided by agreements between this financial institution and the developer. The sum of this credit shall, however, be reduced in the amount of disbursements made from time to time in accordance with the terms under which this credit is extended as set out above.