

STANDBY LETTER OF CREDIT

[Bank Name]
[Street]
[City, State 00000]

[Date]

IRREVOCABLE STANDBY LETTER OF CREDIT No. [0000000]

BENEFICIARIES: United States Department of Agriculture
Rural Utilities Service
1400 Independence Ave., SW
Washington, D.C. 20250-1500

[Borrower's Name]
[Street]
[City, State 00000]

ACCOUNT PARTY: [LOC Issuing Party's Name]
[Street]
[City, State 00000]

Gentlemen:

We, [NAME OF BANK,] (the "BANK") hereby open our irrevocable standby credit (this "Letter of Credit") on behalf of [BORROWER'S NAME] (hereinafter the "ACCOUNT PARTY") in favor of the RURAL UTILITIES SERVICE ("RUS") and [BORROWER'S NAME], (hereinafter the "BORROWER") for the sum or sums not to exceed the aggregate amount of [AMOUNT IN WORDS] Dollars (\$000,000) (hereinafter the "Maximum Amount,") to be made available by either of your requests for payment at sight.

The BANK has been informed by the ACCOUNT PARTY that this Letter of Credit is issued to secure obligations as set forth in that certain loan agreement, entered into between the BORROWER and RUS, dated as of [date] (as amended from time to time, hereinafter the "Loan Agreement.") The BANK also acknowledges that pursuant to said Loan Agreement, this Letter of Credit may not be secured, guaranteed, or serviced by any asset of the BORROWER.

This Letter of Credit shall be valid until [insert date five years from today], *provided however*, that this Letter of Credit may be terminated at any time with the prior written consent of RUS. After receiving RUS consent, the BANK shall provide written notice of termination by certified mail to: (a) RUS at U.S.D.A., 1400 Independence Ave., S.W., Room 2854, Stop 1599, Washington, D.C. 20250-1599; (b) the BORROWER at [Street, City, State, Zip] ; and (c) [LOC ISSUING PARTY'S NAME] at [Street, City, State, Zip]. The notice required hereunder will be deemed to have been given when received by all parties.

Funds under this Letter of Credit are available to RUS and/or the BORROWER in one or more drawings upon the presentation of one or more executed drafts

payable at sight, in the form as provided in Exhibits 1 or 2 attached hereto, as well as the original of this Letter of Credit (including all amendments thereto, if any). Such draft(s) shall be presented to our office at [Street, City, State Zip], on any business day except those in which banking institutions in our State are authorized or required by law to close. Partial drawings and multiple drawings are permitted under this Letter of Credit, as well as drafts presented by one or both beneficiaries.

The BANK hereby agrees to honor one or more drafts drawn under, or demands for payment made under, and in conformity with this Letter of Credit, up to the Maximum Amount, and accompanied by the documents required by this Letter of Credit, and the BANK's honoring of such draft or demand shall not relieve its obligation to so honor any further drafts or demands; *provided however*, that our aggregate obligation to honor such drafts and demands shall not exceed the Maximum Amount as reduced by prior draws hereunder. This Letter of Credit is not subject to any condition or qualification, and is the obligation of the BANK which is in no way contingent upon reimbursement or likelihood of reimbursement.

This Letter of Credit sets forth in full the terms of our understanding with you, and this undertaking shall not in any way be modified, amended, amplified, or limited by reference to any document, instrument, or agreement referred to herein, or in which this Letter of Credit is referred to, or to which it relates, except only the drafts referred to herein.

This letter of credit is issued subject to the Uniform Customs and Practices for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500.

Very Truly Yours,

[NAME OF BANK]

by: _____

Name:

Title:

EXHIBIT 1 (Draft presented by RUS)

**DRAFT
ON IRREVOCABLE STANDBY LETTER OF CREDIT NO. [00000]**

[Date]

Pay to the order of RURAL UTILITIES SERVICE, the sum of [amount in words] and [00]/100 dollars (\$000,000.00), drawn on [BANK'S NAME], the issuer of the above-mentioned irrevocable standby Letter of Credit, dated [insert date of issuance of Letter of Credit].

RURAL UTILITIES SERVICE

By: _____

Name:

Position:

CERTIFICATE

The undersigned hereby certifies that he/she is authorized to execute this certificate on behalf of the UNITED STATES OF AMERICA, acting through the RURAL UTILITIES SERVICE, the BENEFICIARY under that certain irrevocable standby Letter of Credit No. [00000], issued by [BANK'S NAME]. The BENEFICIARY, as Lender, is entitled to draw the amount stated above pursuant to the terms of the Loan Agreement (as defined in the Letter of Credit).

RURAL UTILITIES SERVICE

By: _____

Name:

Position:

EXHIBIT 2 (Draft presented by BORROWER)

**DRAFT
ON IRREVOCABLE STANDBY LETTER OF CREDIT NO. [00000]**

[Date]

Pay to the order of [BORROWER'S NAME], the sum of [amount in words] and [00]/100 dollars (\$000,000.00), drawn on [BANK'S NAME], the issuer of the above-mentioned irrevocable standby Letter of Credit, dated [insert date of issuance of Letter of Credit].

[BORROWER'S NAME]

By: _____

Name:

Position:

CERTIFICATE

The undersigned hereby certifies that he/she is authorized to execute this certificate on behalf of [BORROWER'S NAME], a BENEFICIARY under that certain irrevocable standby Letter of Credit No. [00000], issued by [BANK'S NAME]. The BENEFICIARY, as Borrower, is entitled to draw the amount stated above pursuant to the terms of the Loan Agreement (as defined in the Letter of Credit).

[BORROWER'S NAME]

By: _____

Name:

Position:

EXHIBIT 3 (Incumbency Certificate of BANK)

OFFICER INCUMBENCY CERTIFICATE

I [Secretary's Name], do hereby certify that I am the Secretary of [NAME OF BANK] of [City] in [County] County, [State], Charter No. [00000]; that [Name of Bank Official Signing Letter of Credit] is a(n) [position] of [NAME OF BANK] and is authorized to execute on behalf of the BANK, such documents as the Irrevocable Standby Letter of Credit No. [00000] (hereinafter the "Letter of Credit,") on behalf of [LOC ISSUING PARTY'S NAME] for the benefit of [BORROWER'S NAME] and the RURAL UTILITIES SERVICE; and that the following is the name, signature, and office of said official, who validly held and occupied his/her position on the date of actual execution of the Letter of Credit.

<u>Name</u>	<u>Signature</u>	<u>Position</u>
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IN WITNESS whereof, I have set my hand and affixed the seal of the [NAME OF BANK] of [City] on [date].

(corporate seal)

Secretary