

*THIS SAMPLE LETTER OF CREDIT IS PROVIDED TO YOU FOR
AS AN EXAMPLE OF FORMAT ACCEPTABLE TO NEW BRAUNFELS UTILITIES
FOR A LETTER OF CREDIT IN LIEU OF A CASH DEPOSIT*

IRREVOCABLE LETTER OF CREDIT NO. _____

Date:

Expiration Date: [one year and as provided below]

Beneficiary:

New Braunfels Utilities
263 E. Main Plaza
New Braunfels, Texas 78131-0289
830-629-8400

Applicant:

Applicant Name
Applicant Address
Applicant City, Texas Applicant Zip

We hereby issue our Irrevocable Letter of Credit no. _____ in your favor up to the aggregate amount of US \$ (amount in figures) (amount in words, United States Dollars) available by drafts drawn on us at sight, marked "Drawn under Irrevocable Letter of Credit no. _____ of The [Issuing Bank Name] accompanied by the following:

1. Beneficiary's written statement purportedly signed by its authorized representative reading as follows: "New Braunfels Utilities hereby certifies the amount drawn under [Name of issuing Bank] Letter of Credit number [Letter of Credit Number] represents the amount due to us in relation to utility service provided to [Name of Applicant] at service address [service address]. The amount drawn hereunder remains unpaid at the time of this drawing."

Special Conditions:

1. Partial Drawings permitted.
2. It is a condition of this Letter of Credit that it shall be automatically extended without amendment for an additional period of one year from the current expiration date and each future expiration date, unless and until you have been notified by us in writing by overnight courier or certified mail, not less than sixty (60) days before the expiration date that we elect not to renew this Letter of Credit. Notification should be sent to New Braunfels Utilities, 263 E Main Plaza, New Braunfels, TX 78130, Attention: Chief Financial Officer. If the Letter of Credit is not renewed for any reason, then normal deposit conditions will apply.
3. This letter shall be transferable and assignable.

We hereby engage with you that documents drawn under and in compliance with the terms of this Irrevocable Letter of Credit will be duly honored if presented for payment to [Name and address of issuing bank where documents are to be presented] on or before the expiration date of this Letter of Credit, or any automatically extended expiration date.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication 500 in effect on the date of the issuance of this Letter of Credit (the "UCP") and, as to matters not addressed by the UCP, is subject to and governed by Texas State Law and applicable U.S. Federal Law.

OR

This Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 ("ISP98"), in effect on the date this Letter of Credit is issued, and as to matters not addressed by ISP98 is subject to and governed by Texas State Law and applicable U.S. Federal Law.

[Name of Issuing Bank]

Signature of authorized bank signatory
Name of authorized bank signatory
Title of authorized bank signatory
Date