



# IRREVOCABLE LETTER OF CREDIT

State Form 56876 (12-19) / Form LC-1

INDIANA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF FORESTRY  
402 West Washington Street, Room W296  
Indianapolis, IN 46204

FOR OFFICIAL USE

INSTRUCTIONS: 1. Submit one (1) original and one (1) copy.

Irrevocable Letter of Credit number	Date (month, day, year)
Irrevocable Letter of Credit amount (written)	Amount \$
<b>ISSUING BANK</b>	
Name of issuing bank	
Address (number and street, city, state and ZIP code)	
<b>PRINCIPLE</b>	
Name of principle	
Address (number and street, city, state and ZIP code)	
<b>BENEFICIARY</b>	
Department of Natural Resources Division of Forestry 402 West Washington Street, Room W296 Indianapolis, Indiana 46204	

WHEREAS, \_\_\_\_\_ (herein "Principle") \_\_\_\_\_ (Timber Buyer Number) WHEREAS, the Principle is required to post a performance bond in favor of the Indiana Department of Natural Resource, Division of Forestry (herein "DNR") prior to the Principle's commencement of bidding on state owned timber timber; and

WHEREAS, the Principle desires to utilize this Irrevocable Letter of Credit issued by (herein "Issuing Bank") as the performance bond for the undertakings required or authorized by the provision of any state timber contract entered into by and between the Principle and the DNR, are held and firmly bound to the State of Indiana in the penal sum noted above of lawful money of the United States of America. For the payment to be made, we bind ourselves, our heirs, executors, successors, and assigns, jointly and severally.

**THE CONDITIONS OF THIS OBLIGATION ARE THE FOLLOWING:**

The principal will enter into one or more timber sale agreements with the Indiana DNR for the purchase of timber from State-owned lands, more specifically described in each contract for the cutting and removal of stumpage;

The contracts are entered into during the existence of this Irrevocable Letter of Credit;

Under the terms and provisions of each timber contract a surety bond is required of the principal as good and sufficient surety, payable to the State of Indiana DNR and conditioned upon the faithful and honest conduct of all obligations assumed in each contract; and

If the Principal shall faithfully carry out and observe all obligations assumed in each timber contract and shall observe all the rules, regulations, and applicable laws of the State of Indiana DNR, then this obligation shall be null and void, otherwise to remain in full force and effect without limit in time until the bond is duly canceled.

**THIS BOND IS SUBJECT TO THE FOLLOWING PROVISION:**

The Issuing Bank may cancel this bond and be relieved of further liability by delivering one hundred and twenty (120) days' notice to the DNR; provided however, such cancellation shall not affect any liability incurred or accrued prior to the termination of this bond.

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1. This Letter of Credit is a binding obligation by the Issuing Bank, independent of the acts and omissions of the Principle, and is payable to the DNR by sight draft presented to the Issuing Bank for payment pursuant to the terms and conditions of this Agreement.
2. The Issuing Bank engages with drawers and/or bona fide holders that drafts drawn and negotiated in conformity with the terms and conditions of this Letter of Credit will be duly honored on presentation. This Letter of Credit shall be deemed to be executed Indiana, for the purposes of enforcement and any actions hereon shall be enforceable in the courts of Indiana and shall be construed under Indiana Law.
3. The Issuing Bank warrants and covenant that it is organized or authorized to do business in the United States.
4. This Letter of Credit is irrevocable prior to total release by the Director of the Department of Natural Resources.
5. Partial releases and drawings are permitted under this Letter of Credit.
6. This Letter of Credit is effective for the duration of one of the following terms (*please check one of the following*):
  - a. Liability of the Issuing Bank under this Letter of Credit commences upon execution of this Letter of Credit and expires one (1) year following said date of execution. This Letter of Credit will automatically extend for additional successive terms of one (1) year each, unless the Issuing Bank does not wish to extend this Letter of Credit for an additional one (1) year term.
  - b. Liability of the Issuing Bank under this Letter of Credit commences upon execution of this Letter of Credit and shall continue until all harvesting and all work required of the Principle under provisions of the contracts and/or any other lawful requirements imposed by the DNR have been completed and the above-referenced contracts are terminated by a release of the Principle from any further contractual liability.
7. If a term option under Paragraph 6 of this Letter of Credit is not selected, the provisions of Paragraph 6(b) shall apply.
8. This Letter of Credit is payable to the DNR in part or in full upon demand and receipt from the Director of the DNR, or one of the Director's duly authorized representatives, of a notice of forfeiture issued.
9. The Director of the DNR, or one of the duly authorized representatives, is hereby authorized to draw upon this Letter of Credit, in full, to obtain cash collateral in the event that the Principle has failed to furnish to the Director a replacement bond consistent with the contractual obligations at least thirty (30) days prior to the expiration of this Letter of Credit, and any such draft need not be accompanied by a notice of forfeiture.
10. The Issuing Bank warrants and covenants that the total amount of Letters of Credit (including the present Letter of Credit) issued by the Issuing Bank to the Principle on all contracts held by the Principle, does not exceed the Issuing Bank's maximum legal lending limit as required by the appropriate Indiana or Federal banking regulatory agency.
11. The Issuing Bank will give prompt notice to the Principle and the Director of the DNR of any notice received or action filed alleging the insolvency or bankruptcy of the Issuing Bank, or alleging any violations of regulatory requirements that could result in suspension or revocation of the Issuing Bank's charter or license to do business.
12. In the event the Issuing Bank becomes unable to fulfill its obligations under this Letter of Credit for any reason, notice shall be given immediately to the Principle and the Director of the DNR.
13. Upon the incapacity of a bank by reason of bankruptcy, insolvency, suspension or revocation of its charter or license, the Principle shall be deemed to be without performance bond coverage.

Printed name and official title of authorized representative of Issuing Bank	
Signature of authorized representative of Issuing Bank	Date signed ( <i>month, day, year</i> )
Authorized signature of Division of Forestry Department of Natural Resources	Date accepted ( <i>month, day, year</i> )

# INSTRUCTIONS FOR COMPLETING IRREVOCABLE LETTER OF CREDIT

State Form 56876 / Form LC-1

This form may only be used for bonding performance bonds issued in accordance with state timber sales. Do not make any entries in the space identified "FOR OFFICIAL USE".

The following explanations are numbered to correspond to the numbered items on the attached Form LC-1:

1. Letter of Credit Number - This number is to be selected and assigned by the Issuing Bank.
2. Date - Insert the date this Letter of Credit is signed.
3. Amount - Type in words the amount of the Letter of Credit.
4. Amount - Type in figures the amount of the Letter of Credit.
5. Name and Address of Issuing Bank - Type or print the name and address of the bank issuing the Letter of Credit. This is the address to which the Division of Forestry will send all correspondence concerning the Letter of Credit.
6. Name and Address of Principle - Type or print the name and address of the Principle. The name must be identical to the name used in the bid for state timber. This is the address to which the Division of Forestry will send all correspondence concerning this Letter of Credit.
7. Principle - Type or print the name of the Principle.
8. Issuing Bank - Type or print the name of the bank issuing this Letter of Credit.
9. Letter of Credit Number - This number must be the same as in (1) above.
10. Date - Type in the date of the issuance of the Letter of Credit.
11. Selection of Term of Letter of Credit - Check this box IF the Letter of Credit is to be issued for one year and automatically renewed thereafter.
12. Selection of Term of Letter of Credit - Check this box IF the Letter of Credit is to continue in force from execution until termination the Permit.
13. & 14. Must be completed by an authorized responsible official of the Issuing Bank.

Please be sure to SUBMIT ONE (1) ORIGINAL AND ONE (1) COPY of the fully executed document.

Upon acceptance of the document, the Division of Forestry will retain the original document, a copy will be returned to the Issuing Bank and a copy will be sent to the Principle.



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Approved by State Board of Accounts, 2019

INDIANA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF FORESTRY  
402 West Washington Street, Room W296  
Indianapolis, IN 46204

FOR OFFICIAL USE

INSTRUCTIONS: 1. Submit one (1) original and one (1) copy.

Irrevocable Letter of Credit number (1)	Date (month, day, year) (2)
Irrevocable Letter of Credit amount (written) (3)	Amount \$ (4)
<b>ISSUING BANK</b>	
Name of issuing bank (5)	
Address (number and street, city, state and ZIP code) (6)	
<b>PRINCIPLE</b>	
Name of principle (7)	
Address (number and street, city, state and ZIP code) (8)	
<b>BENEFICIARY</b>	
Department of Natural Resources Division of Forestry 402 West Washington Street, Room W296 Indianapolis, Indiana 46204	

WHEREAS, \_\_\_\_\_ (9) (herein "Principle") \_\_\_\_\_ (10) (Timber Buyer Number) WHEREAS, the Principle is required to post a performance bond in favor of the Indiana Department of Natural Resource, Division of Forestry (herein "DNR") prior to the Principle's commencement of bidding on state owned timber timber; and

WHEREAS, the Principle desires to utilize this Irrevocable Letter of Credit issued by (herein "Issuing Bank") as the performance bond for the undertakings required or authorized by the provision of any state timber contract entered into by and between the Principle and the DNR, are held and firmly bound to the State of Indiana in the penal sum noted above of lawful money of the United States of America. For the payment to be made, we bind ourselves, our heirs, executors, successors, and assigns, jointly and severally.

**THE CONDITIONS OF THIS OBLIGATION ARE THE FOLLOWING:**

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The contracts are entered into during the existence of this Irrevocable Letter of Credit;

Under the terms and provisions of each timber contract a surety bond is required of the principal as good and sufficient surety, payable to the State of Indiana DNR and conditioned upon the faithful and honest conduct of all obligations assumed in each contract; and

If the Principal shall faithfully carry out and observe all obligations assumed in each timber contract and shall observe all the rules, regulations, and applicable laws of the State of Indiana DNR, then this obligation shall be null and void, otherwise to remain in full force and effect without limit in time until the bond is duly canceled.

**THIS BOND IS SUBJECT TO THE FOLLOWING PROVISION:**

The Issuing Bank may cancel this bond and be relieved of further liability by delivering one hundred and twenty (120) days' notice to the DNR; provided however, such cancellation shall not affect any liability incurred or accrued prior to the termination of this bond.

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2. The Issuing Bank engages with drawers and/or bona fide holders that drafts drawn and negotiated in conformity with the terms and conditions of this Letter of Credit will be duly honored on presentation. This Letter of Credit shall be deemed to be executed Indiana, for the purposes of enforcement and any actions hereon shall be enforceable in the courts of Indiana and shall be construed under Indiana Law.
3. The Issuing Bank warrants and covenant that it is organized or authorized to do business in the United States.
4. This Letter of Credit is irrevocable prior to total release by the Director of the Department of Natural Resources.
5. Partial releases and drawings are permitted under this Letter of Credit.
6. This Letter of Credit is effective for the duration of one of the following terms (*please check one of the following*):
  - (11)  a. Liability of the Issuing Bank under this Letter of Credit commences upon execution of this Letter of Credit and expires one (1) year following said date of execution. This Letter of Credit will automatically extend for additional successive terms of one (1) year each, unless the Issuing Bank does not wish to extend this Letter of Credit for an additional one (1) year term.
  - (12)  b. Liability of the Issuing Bank under this Letter of Credit commences upon execution of this Letter of Credit and shall continue until all harvesting and all work required of the Principle under provisions of the contracts and/or any other lawful requirements imposed by the DNR have been completed and the above-referenced contracts are terminated by a release of the Principle from any further contractual liability.
7. If a term option under Paragraph 6 of this Letter of Credit is not selected, the provisions of Paragraph 6(b) shall apply.
8. This Letter of Credit is payable to the DNR in part or in full upon demand and receipt from the Director of the DNR, or one of the Director's duly authorized representatives, of a notice of forfeiture issued.
9. The Director of the DNR, or one of the duly authorized representatives, is hereby authorized to draw upon this Letter of Credit, in full, to obtain cash collateral in the event that the Principle has failed to furnish to the Director a replacement bond consistent with the contractual obligations at least thirty (30) days prior to the expiration of this Letter of Credit, and any such draft need not be accompanied by a notice of forfeiture.
10. The Issuing Bank warrants and covenants that the total amount of Letters of Credit (including the present Letter of Credit) issued by the Issuing Bank to the Principle on all contracts held by the Principle, does not exceed the Issuing Bank's maximum legal lending limit as required by the appropriate Indiana or Federal banking regulatory agency.
11. The Issuing Bank will give prompt notice to the Principle and the Director of the DNR of any notice received or action filed alleging the insolvency or bankruptcy of the Issuing Bank, or alleging any violations of regulatory requirements that could result in suspension or revocation of the Issuing Bank's charter or license to do business.
12. In the event the Issuing Bank becomes unable to fulfill its obligations under this Letter of Credit for any reason, notice shall be given immediately to the Principle and the Director of the DNR.
13. Upon the incapacity of a bank by reason of bankruptcy, insolvency, suspension or revocation of its charter or license, the Principle shall be deemed to be without performance bond coverage.

Printed name and official title of authorized representative of Issuing Bank	
(13)	
Signature of authorized representative of Issuing Bank	Date signed ( <i>month, day, year</i> )
(14)	
Authorized signature of Division of Forestry Department of Natural Resources	Date accepted ( <i>month, day, year</i> )