



Town of Midland

Letters of Credit Policy Guidelines for Approved Developments

Should a Letter of Credit be provided that is not in accordance with the policies contained herein, there may be a delay in finalizing the development, which may lead to a delay in processing any permits related to the development. Should you wish to receive a pre-approval of a Letter of Credit, please forward a copy of the draft to the file manager.

1. Policy Statement

Letters of Credit accepted by the Town of Midland must: i) be issued by an institution which meets the criteria as set out in this policy and ii) be written in a specific form which is set out by the Town.

2. Purpose

To ensure the interests of the Town are protected, letters of credit will only be accepted if they meet the requirements set out in this policy. Certain alternatives to a letter of credit will also be accepted if they meet the requirements set out in this policy.

3. Requirements

Letters of Credit accepted by the Town of Midland must:

- 3.1 Be issued in Canadian funds.
- 3.2 Specify that the letter of credit is irrevocable.
- 3.3 Specify that the beneficiary is the Town of Midland.
- 3.4 Include a municipal address of the project or address/project description as approved by the Engineering Department.
- 3.5 Include an automatic renewal clause, and require the bank to provide 30 days notice to the Treasurer, by registered mail, if it intends not to renew.
- 3.6 Be issued from any Schedule I Bank as listed in the Bank Act, from a branch office in the province of Ontario.

4. Alternatives

- 4.1 A Letter of Guarantee cannot be accepted in place of a letter of credit.
- 4.2 Acceptable alternatives to a letter of credit are cash, valid certified cheque, bank draft or money order in Canadian dollars. These funds must be forwarded to the Treasurer for deposit. Releases or draws on the funds will be processed in the same manner as a letter of credit. No interest will be paid.