



CORPORATE POLICY MANUAL

Section:	Finance	5
Sub-Section:	Letters of Credit	1860
Title:	SECURITY DEPOSITS	1

(Also see 8-3060-1)

POLICY

1. Forms of Deposit

A security deposit required by the District may be either in the form of cash, or, when the following conditions are met, an irrevocable letter of credit:

- 1.1. the required security deposit exceeds \$1,000 in amount;
- 1.2. the term of the letter of credit is not less than one year;
- 1.3. the period for which the letter of credit is held does not exceed two years, at which time the Director of Financial Services may convert the letter to cash.

2. Trusteeship

The Director of Financial Services shall receive all security deposits and shall

- 2.1. bank security deposits received in the form of cash, and
- 2.2. hold for safekeeping security deposits received in the form of irrevocable letters of credit, and

shall, where the amount of the security deposit exceeds \$10,000, allow periodic draws to be made according to the percentage of the work completed. The security deposit or any balance shall be returned upon satisfactory completion of the work.

3. Form of Letter of Credit

(see following pages)

REASON FOR POLICY

To provide a lower cost alternative security to our customers where a security deposit is required.

AUTHORITY TO ACT

Delegated to Staff

Approval Date:	January 25, 1982	Approved by:	Policy & Planning Committee
1. Amendment Date:	December 11, 1995	Approved by:	Regular Council
2. Amendment Date:		Approved by:	
3. Amendment Date:		Approved by:	

(NAME AND ADDRESS OF BANK)

NO. _____

DATE: _____

The Corporation of the District of North Vancouver
355 West Queens Road
North Vancouver, B.C.

Dear Sirs:

Irrevocable Letter of Credit

We hereby authorize you to draw on _____
(Name of Bank)

_____ for the account of
(Address of Bank)

(Name of Applicant, Address, Telephone No.)

up to an aggregate amount _____
(amount)

available by drafts at sight for 100% of value.

Purpose: _____

1. Drawings are to be made in writing to _____
(Name of Bank)

(Address of Bank)

2. Partial drawings may be made.

3. The Bank will not inquire as to whether or not the Municipality has a right to make demand on the Letter of Credit.

4. This Letter of Credit is irrevocable up to the expiry date.

DRAFTS MUST BE DRAWN AND NEGOTIATED NOT LATER THAN _____
(Expiry Date)

The drafts drawn under this Credit are to be endorsed hereon and shall state on their face that they are drawn under

(Name of Bank)

(Address of Bank)

(Bank's Letter of
Credit Ref. No.)
(if one is required)

Dated: _____

Yours truly,

Bank Officer

Bank Officer

NOTES TO APPLICANT:

1. The Municipality will draw upon this Letter of Credit one week prior to the expiry date unless the works have been completed to the satisfaction of the Municipality or an extension of the Letter of Credit, where permitted, has been received by the Finance Department.
2. Where permitted by the Bank, a term of 2 years is required.
3. This form is a sample only. Irrevocable Letters of Credit must be produced on the stationery of the issuing Bank or Credit Union.
4. The Irrevocable Letter of Credit must bear the signature of two authorized signing authorities of the issuing financial institution.