

LETTER OF CREDIT – SAMPLE FORM

FINANCIAL INSTITUTION LETTERHEAD

NAME OF FINANCIAL INSTITUTION

ADDRESS OF FINANCIAL INSTITUTION

CITY, STATE AND ZIP CODE

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL
BUREAU OF CONSUMER PROTECTION
21 SOUTH 12TH STREET, 2ND FLOOR
PHILADELPHIA, PA 19107

L/C NUMBER: _____

ISSUE DATE: _____

EXPIRATION DATE: _____

Gentlemen:

We, **FINANCIAL INSTITUTION**, hereby establish our irrevocable credit in favor of you, the Commonwealth of Pennsylvania, Office of Attorney General, Bureau of Consumer Protection, and its successor agency, if any, (hereinafter "Office of Attorney General"), for the account of

APPLICANT HEALTH CLUB, INCLUDING TRADE NAME OF HEALTH CLUB

ADDRESS OF HEALTH CLUB, INCLUDING LOCATION OF HEALTH CLUB

up to an aggregate amount of

U.S. DOLLAR AMOUNT IN WORDS

U.S. DOLLAR AMOUNT IN FIGURES

available upon your presentation to us of a sight draft a sample copy of which is attached hereto as Exhibit "A" drawn on a **NAME AND CITY OF THE FINANCIAL INSTITUTION** accompanied by either of the following two statements signed by an authorized representative of the Office of Attorney General as follows:

(1) "We, the Office of Attorney General, hereby certify that the amount of the accompanying sight draft represents claim(s) in the form of final court judgment(s) filed

with us by buyers of Health Club contracts against NAME OF APPLICANT HEALTH CLUB pursuant to §12 of the Health Club Act, Act of December 21, 1989, P.L. 672, 73 P.S. 2172.”

(2) “We, the Office of Attorney General, certify that NAME OF FINANCIAL INSTITUTION has given us notice at least ninety (90) days prior to the current expiration date of letter of credit LETTER OF CREDIT NUMBER that NAME OF FINANCIAL INSTITUTION elects not to extend said letter of credit for an additional period of one (1) year; and that has NAME OF APPLICANT HEALTH CLUB, ADDRESS OF HEALTH CLUB INCLUDING LOCATION OF HEALTH CLUB failed to replace said letter of credit with other financial security acceptable to the Office of Attorney General within thirty (30) days after the date of such notice.”

“It is a condition of this letter of credit that it will automatically be extended for an additional period of one (1) year from the present or any future expiration date unless we FINANCIAL INSTITUTION notify you, the Office of Attorney General, in writing by registered mail or certified mail-return receipt requested, received by you at the above address at least ninety (90) days prior to the then present expiration date, that we elect not to extend this letter of credit for an additional period of one (1) year.”

“Sight drafts drawn by the Office of Attorney General under this letter of credit must be marked: ‘Drawn under NAME AND CITY OF FINANCIAL INSTITUTION, Credit Number LETTER OF CREDIT NUMBER date ISSUE DATE and accompanied by the original letter of credit for proper endorsement. A partial draw by the Office of Attorney General on this letter of credit shall not cause a revocation of this letter of credit, which letter of credit shall remain in full force and effect until fully drawn or expired, whichever comes first. Any and all draws and payments on this letter of credit shall be made in U.S. Dollars.”

“We, FINANCIAL INSTITUTION are informed that this letter of credit is being used in accordance with §11 of the Health Club Act, Act of December 21, 1989, P.L. 672, 73 P.S. 2171.”

“This letter of credit sets forth in full the terms of FINANCIAL INSTITUTION undertaking.”

“We, FINANCIAL INSTITUTION, hereby represent to you, the Office of Attorney General, that the drafts drawn and presented strictly in compliance with the terms of this letter of credit will be duly honored by us if presented on or before the initial expiration date as stated above, or before the expiration of any automatically extended period thereafter, at our office located at OFFICE LOCATION OF THE FINANCIAL INSTITUTION AT WHICH DOCUMENTS MUST BE PRESENTED FOR PAYMENT, or, if our office location changes, then to such other office of ours in the United States as we must designate in writing to the Office of Attorney General at least ten (10) business days before said change of office location.”

