



City of Beaverton

4755 SW Griffith Drive, PO Box 4755, Beaverton OR 97076

Bank Loan Set-Aside for Performance Security

TO: LENDER

Re: LOAN SET ASIDE
CITY ATTORNEY STANDARD FORM

Attached is a Loan Set Aside form, standardized by the City Attorney's office.

Please copy the form onto your personalized letterhead and fill in the appropriate blanks. It is the City Attorney's policy that only original documents will be accepted, no copies or facsimiles.

Please note that if you choose not to use the standard form provided, you should expect that the approval process may be delayed because of the additional time necessary to review non-standard documents.

Thank you for your cooperation.

[Lender's Letterhead]

Beaverton City Attorney
P.O. Box 4755
4755 SW Griffith Drive
Beaverton, Oregon 97076-4755

Re: [Development Name and City Site Development Permit #]
[Borrower's Business Name]
[Loan Amount (\$US); Lender's Account Number; Loan Maturity Date]

Dear City Attorney:

We as Lender have made available to the Borrower a loan commitment for an amount that includes the cost to construct public improvements required as a condition of the City's approval of this development. We acknowledge that the improvements must be constructed to City's standards within a certain time under the terms of the Site Development Permit number referenced above. We acknowledge that the City will take title to the improvements after City's final inspection and acceptance and that the City requires as a condition of acceptance that the improvements be free and clear of any contractors' or other liens or security interests. We submit this letter for your approval to fulfill the requirements of Oregon law and the City's code that the Borrower provide the City with security for the cost to complete the improvements in case of the Borrower's default.

The Lender by its undersigned representative with authority, hereby offers such security and promises to set aside from the loan described above the amount shown above, that amount being 100% of the City's estimated cost to construct those improvements. We agree to inform you within 15 business days if the loan is terminated, restricted or reduced in amount or whether it has been repaid at any time - whether voluntarily by the Borrower, or in connection with foreclosure of a contract, mortgage, trust deed or deed in lieu given in connection with the loan, or otherwise - before the improvements are complete and accepted. We understand that on receipt of such notice or of similar information from any other source, the City may require the Borrower immediately to provide other security and that it may stop work on the development project that includes these improvements until that security is furnished. We understand that if the required public improvements are not completed to City standards the City may withhold approval of a final plat for the development for which the improvements are required if a plat is required by local or state law.

We agree to hold the amount set aside to pay the construction costs of the improvements and shall not allow draws on that amount for any other purpose. We agree to allow disbursements from the amount set aside on the Borrower's request no more than once each calendar month and only if the request for disbursement is certified by the registered professional engineer who stamped the project plans or a substitute designated to us in writing by the City Engineer. The certification, on a form approved and verified by the City Engineer shall state what portion of the improvements is complete to City's standards and state the cost to complete that portion.

We agree to allow disbursement of no more than 75% of the total amount set aside in response to such requests and agree to hold the remainder for the City's benefit until the City Engineer has certified to us in writing that the public improvements are complete and acceptable. We agree to make available to the City on its demand the amount set aside that is not so disbursed for the City's use to complete the improvements if accompanied by your certification that the Borrower has defaulted.

Our obligations under this letter of assurance shall expire and be of no further force and effect upon the first of the following to occur: (a) the City's written certification of completion and acceptance; (b) Disbursement of the amount set aside to the City on its demand; (c) 90 days following the date City has set for substantial completion; (d) repayment of the Loan whether voluntarily or involuntarily as describe above; or, (e) the Maturity Date of the Loan. Nothing in this letter shall be construed to relieve the Borrower of its obligation to complete the improvements notwithstanding that the loan proceeds no longer are available to the Borrower.

Sincerely,

Authorized Representative for Lender

Print Name and Title

Phone No.: _____

Fax No.: _____

Acknowledged by:

(Name & Title) for Borrower