

DEVELOPERS SURETY AND INDEMNITY COMPANY
INDEMNITY COMPANY OF CALIFORNIA
RETURN TO:

Date: _____

ATTENTION: UNDERWRITING DEPARTMENT

RE:

Gentlemen:

(NAME OF LENDER/ISSUER) has arranged financing for _____ (NAME OF BORROWER)
in the amount of \$ _____ for the construction of _____
_____ and the adjacent improvements in Tract _____.

In consideration of the execution by Developers Surety and Indemnity Company/Indemnity Company of California, hereinafter referred to as Surety, of bond(s) in the approximate amount of \$ _____ on behalf of _____ (NAME OF BORROWER) guaranteeing to the _____ (NAME OF MUNICIPAL BODY/COUNTY) completion of certain public improvements in said Tract _____ and as a direct inducement to Surety to execute said bond(s), _____ (NAME OF LENDER/ISSUER) agrees that immediately upon recordation of the construction loan it will pay into a special impound account a sum of not less than \$ _____. This impound account is to be opened at the _____ office of _____ (DEPOSITORY) and will be designated: _____

The agreement covering this project will provide that the funds in said impound account are subject to withdrawal upon the approval of _____ (NAME OF BORROWER), said funds to be disbursed for payment of the subdivision improvements mentioned above and only after _____ (NAME OF LENDER/ISSUER) has satisfied itself that the work paid for has actually been performed.

_____ (NAME OF LENDER/ISSUER) agrees that the funds in said impound account are for the use and benefit of Surety in connection with its liability under the bond(s) described herein, and that said funds will be disbursed for the above mentioned subdivision improvements only and for no other purpose.

In the event _____ (NAME OF BORROWER) fails to complete and/or pay for the subdivision improvements as required by the _____ (NAME OF MUNICIPAL BODY/COUNTY) under the bond(s) described herein, all funds remaining in said impound account shall be immediately available to Surety to complete and/or pay for the cost of said improvements. Surety shall not in any way be obligated to repay said funds so used to _____ (NAME OF LENDER/ISSUER).

This is an irrevocable commitment of funds which is not subject to recall by _____ (NAME OF LENDER/ISSUER)

(NAME OF LENDER/ISSUER)
By: _____ TITLE

We hereby concur in the foregoing agreement: _____ (NAME OF BORROWER)

By: _____ TITLE