

DEFECT BOND (LETTER OF CREDIT)

IRREVOCABLE LETTER OF CREDIT NUMBER: _____

KNOW ALL MEN BY THESE PRESENTS, that on this ____ Day of _____, 200____,
_____ of the City of _____, _____, a
_____ organized and existing under the laws of the State of
_____, as Principal, with principal office in the City of _____, State
of _____, is held and firmly bound unto City of Chesapeake, Department of Public
Works, as Obligee, in the sum of _____
(\$_____) lawful money of the United States of America, for the payment of
which sum, well and truly to be made, we hereby bind ourselves, our successors and assigns,
jointly and severally, firmly by these presents. It is understood that the Principals obligation will
be secured by Letter of Credit No. _____, issued by _____,
dated _____;

WHEREAS, the above-bounded Principal has constructed and the above-named Obligee
is about to accept the following project/subdivision located in the Subdivision of
_____ in the City of
Chesapeake, Virginia.

THE CONDITION OF THIS OBLIGATION IS SUCH that the above-bonded Principal
shall indemnify and save harmless the City of Chesapeake, Department of Public Works from all
loss, cost, damage, charge, liability or expense incurred in the repair of said physical
improvements due to faulty construction which may be found by the City of Chesapeake,
Department of Public Works within twenty four (24) months from the date that all physical

improvements are accepted by the City of Chesapeake and that the Department of Public Works has certified that all outstanding bills owed to the City of Chesapeake by the Principal in regard to the above referenced subdivision, including but not limited to inspection fees, have been paid in full to the City of Chesapeake, then this obligation shall be null and void; otherwise it will remain in full force and effect.

By: _____

(Title)

NOTARIZATION OF SIGNATURES

STATE OF _____,

CITY OF _____, to-wit:

The foregoing instrument bearing date of _____, _____, 20____, was acknowledged before me this _____ day of _____, 20____, by _____, _____, of _____.

Notary Public

My Commission Expires: _____ Registration No: _____

Approved as to form:

Assistant City Attorney