

Timber Sale Letter of Credit Required Contents

A letter of credit must include all of the following:

- a. Letter of credit number (assigned by the issuer).
- b. A statement that the letter of credit is irrevocable.
- c. Name and address of issuing institution unless included in the letterhead.
- d. The legal name of the principal which must be identical to the name on the contract, mineral extraction authorization, permit, license, special-use authorization, or collection agreement.
- e. The maximum credit limit, which must equal or exceed the penal sum of the bond.
- f. A statement that the letter of credit secures the performance, payment, or bid on a contract, mineral plan of operation, permit, license, special-use authorization, or collection agreement with the number and name of the same.
- g. An authorization to draw sight drafts on the issuing institution in favor of the USDA Forest Service. To avoid difficulties when presenting sight drafts, the letter of credit should specify an example of an acceptable sight draft if other than the example set forth in section 84, exhibit 08.
- h. Location(s) where the Forest Service may present sight drafts and a statement that the letter of credit number appearing on the sight draft is sufficient identification to honor the letter of credit.
- i. An unqualified expiration date for presentation of sight drafts for payment that is equal to the term of the bonded activity plus sufficient time to meet the following requirements:

Timber Sale Contract. Sufficient time to close out the contract after cutting is complete. This should be at least 1-year after the contract expiration date. Letters of credit issued for individual timber sale bid bonds may contain an expiration date for a term less than a year. Such bonds cover only the period of time from bid opening to execution of a contract and receipt of the required cash deposit usually 60 days.
- j. A corporate seal.
- k. The following statement: “The deposits of (Name of financial institution) are insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Association.”

1. Signature line for person authorized to sign on behalf of the issuing institution and that person's title.