



LETTER OF CREDIT RIDER

CBA Text Disclaimer: Text deleted by licensee indicated by strike.
New text inserted by licensee indicated by small capital letters.

This rider is made part of the lease agreement dated _____ (the "Lease") between _____ ("Landlord") and _____ ("Tenant") concerning the leased space commonly known as _____ (the "Premises").

1. **Letter of credit.** As security for Tenant's performance of all its obligations hereunder (including without Limitation its obligations to pay Base Rent), Tenant shall, upon execution of this Lease, deliver to Landlord an irrevocable, transferable, and unconditional letter of credit (the "Letter of Credit") in the original amount of \$_____. The initial Letter of Credit and any replacements thereof shall be issued by a financial institution with a letter of credit counter located in _____ County(ies) upon which draws can be made in person and that is reasonably acceptable to Landlord (the "Bank"). The Letter of Credit shall be for a term of not less than one (1) year and irrevocable during that term.
2. **Events of Default.** Landlord shall have the right to draw upon the Letter of Credit or any renewal or extension thereof, in whole or in part, upon the occurrence of any one or more of the following events, each of which shall be deemed an Event of Default under this Lease:
 - a. The occurrence of any default under this lease, after applicable notice and cure periods have expired;
 - b. Tenant's failure to deliver to Landlord, no less than 30 days prior to the expiration date of the Letter of Credit or any renewal or extension thereof, a renewal or extension of the Letter of Credit for a term of not less than one year;
 - c. Receipt of notice from the Bank that it will not be extending the terms of the Letter of Credit or otherwise intends to terminate the Letter of Credit prior to expiration of the Term of this Lease, unless Tenant provides a substitute Letter of Credit from another financial institution acceptable to Landlord in its sole discretion at least ten (10) business days prior to the termination of the existing Letter of Credit; or
 - d. Any action by Tenant or the Bank which, in Landlord's discretion, reasonably exercised, may jeopardize its rights to draw on the Letter of Credit.
3. **Draws; Application of Proceeds.** Landlord shall have sole authority and discretion to draw under the Letter of Credit in accordance with the terms thereof. The Letter of Credit shall provide that it will be honored upon a signed statement by Landlord or its agent (including the Landlord's property manager), that any one or more of the events set forth above has occurred, and it shall require no signature or statement from any party other than Landlord or its agent. The Letter of Credit shall provide that following the honor of any drafts in an amount less than the aggregate amount of the Letter of Credit, the Bank shall return the original Letter of Credit to Landlord and Landlord's rights as to the remaining amount of the Letter of Credit will not be extinguished. Within thirty (30) days after Landlord draws on the Letter of Credit, Tenant shall reinstate the amount available under the Letter of Credit to the required amount as provided herein. Proceeds of any draw upon the letter of credit may be applied by Landlord to the payment of accrued and unpaid Base Rent, Additional Rent, Common Area Charges or Operation Costs, interest, late charges, or any other obligation arising out of Tenant's obligations to Landlord under this lease, in such manner as Landlord in its sole discretion, deems appropriate.
4. **General Terms.**
 - a. **Notice.** No notice to Tenant shall be required to enable Landlord to draw upon the Letter of Credit (provided that the foregoing shall not affect or reduce Landlord's obligations to provide notice and/or cure periods for Tenant defaults as and to the extent expressly required elsewhere in this Lease).

INITIALS: LANDLORD _____ DATE _____ TENANT _____ DATE _____
LANDLORD _____ DATE _____ TENANT _____ DATE _____



LETTER OF CREDIT RIDER
(Continued)

- b. **Transfer of Letter of Credit.** In the event of a transfer of Landlord's interest in the Property, Landlord shall have the right to transfer the Letter of Credit to the transferee and thereupon shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agree that the provisions hereof shall apply to every transfer or assignment of the Lease or Letter of Credit to a new Landlord.

 - c. **Replacement Letter of Credit.** If the Bank shall admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency act, make an assignment for the benefit of its creditors consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, then Tenant shall obtain a replacement Letter of Credit within thirty (30) days of such act from another Bank.

 - d. **Renewal of Letter of Credit.** The Letters of Credit covering subsequent periods shall be obtained and delivered to landlord not less than thirty (30) days prior to the expiration of the then-existing Letter of Credit. The term for each such Letter of Credit shall begin no later than the expiration date of the previous Letter of Credit and shall comply with all requirements of this paragraph.
5. **Release of Letter of Credit.** Provided there is no default or condition which but for the furnishing of notice or The passage of time would constitute an Event of Default under this Lease, Landlord shall release its rights in the Letter of Credit and surrender the Letter of Credit to the Bank upon payment in full of all sums due under this Lease.

INITIALS: LANDLORD _____ DATE _____ TENANT _____ DATE _____
LANDLORD _____ DATE _____ TENANT _____ DATE _____