



IRREVOCABLE LETTER OF CREDIT INSTRUCTIONS FOR ACCEPTANCE AS BOND

Required by Part 169, Scrap Tires, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended

Those scrap tire collection sites which are subject to the requirements of Section 324.16903(4) of Part 169 may satisfy the financial assurance provisions of Part 169 by providing to the Michigan Department of Environmental Quality (the "DEQ") an irrevocable Letter of Credit (the "LOC") from a financial institution authorized to issue LOCs in the state of Michigan. The LOC shall follow the LOC format including, but not limited to the following:

- *The LOC must be executed on the letterhead of the financial institution.*
- *The LOC must be in the sole name of the state of Michigan, Director of the DEQ. The LOC shall not have an expiration date prior to January 31, of the year following the date of issuance.*
- *The LOC must identify Part 169, and the specific scrap tire collection site covered by the LOC.*
- *The LOC shall identify the terms and conditions for drawing on the LOC as identified in Part 169 and the LOC format. The Director of the DEQ may draw upon the LOC covering a scrap tire collection site to remove scrap tires from the scrap tire collection site for other costs of cleanup at the collection site, for costs of fire suppression and costs associated with responding to a fire or an emergency at a collection site, in case of emergency at the collection site, insolvency of the collection site owner/operator, or if the owner/operator of the collection site fails to comply with the requirements of Part 169, and does not cause the removal of the tires at the direction of a court of competent jurisdiction.*
- ◆ *The LOC shall be submitted to:*

DIRECTOR OF THE MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
C/O SCRAP TIRE REGULATORY PROGRAM
RESOURCE MANAGEMENT DIVISION
P.O. BOX 30241
LANSING MI 48909-7741

Section 324.16903(4) of Part 169 establishes the minimum amount of bond that a scrap tire collection site may be required to cover indoor and outdoor tire storage areas. Exhibit A, "DETERMINATION OF BOND AMOUNT," shall be used to determine the required amount of the LOC necessary to bond the scrap tire collection site.

FINANCIAL INSTITUTION LETTERHEAD

IRREVOCABLE LETTER OF CREDIT NO: _____

DATE: _____

EXPIRATION DATE: _____

FACILITY NAME: _____

REGISTRATION OR WDS NO. _____

Director of the Michigan Department of Environmental Quality
C/O Scrap Tire Regulatory Program
Resource Management Division
P.O. Box 30241
Lansing, Michigan 48909-7741

Dear Director:

We hereby issue our irrevocable Letter of Credit No. _____ in favor of the Director of the Michigan Department of Environmental Quality (the "DEQ"), on behalf of _____, (the "Company"), for a sum of \$ _____, (_____ and _____/100 dollars), available by your drafts at sight drawn on our institution _____.

Drafts must be marked "Drawn under _____, Letter of Credit No. _____," dated today's date. We are a bank or financial institution which has authority to issue Letters of Credit. Our Letter of Credit operations are regulated and examined by _____.

This Letter of Credit is issued to provide financial assurance to the Director of the Michigan Department of Environmental Quality (the "DEQ"), pursuant to Part 169, Scrap Tires, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (MCL 324.16901 et seq.), for the tire storage area(s) on the scrap tire collection Site known as, _____ (the "Site"), Registration No. _____, and located at _____.

Requests to draw on this Letter of Credit must be accompanied by the following documents:

1. Your signed statements as follows: I certify that the funding is required to remove the scrap tires from the collection Site to pay fire suppression costs and costs associated with responding to a fire or an emergency or other costs of cleanup due to an emergency at the collection Site, insolvency of the collection site owner, or the person who owns or operates the collection Site has failed to comply with the requirements of Section 16903 of Part 169, and has not caused the removal of the tires at the direction of a court of competent jurisdiction; or
2. Your signed statement as follows: I certify that the Company has failed to provide the DEQ with an extension of _____ Letter of Credit No. _____, or with an acceptable replacement Letter of Credit or other acceptable financial assurance not less than 60 days prior to the expiration date of Letter of Credit No. _____.

Partial drawings are permitted. This original Letter of Credit must be submitted to us together with any drawings hereunder for our endorsement of any payments effected by us and/or for cancellation.

This Letter of Credit No. _____ is subject to the International Standby Practices, of the International Chamber Standby Practices (ISP98) of the International Chamber of Commerce Publication No. 590 and the Michigan Uniform Commercial Code, where applicable. This Letter of Credit is effective as of _____ and shall expire on _____ (date at least one year later), but such expiration date shall be automatically extended for a period of at least one year on _____ and on each successive expiration date, unless the issuing institution has canceled the Letter of Credit by sending notice of cancellation by certified mail to the Director of the DEQ and the Company, 120 days in advance of cancellation. We agree that the 120-day period shall begin on the date when both the Director and the Company have received notice, as evidenced by return receipts.

In the event the DEQ is so notified, any unused portion of the Letter of Credit shall be available upon presentation of a sight draft for 120 days after the date of receipt by both the DEQ and the Company, as shown on the signed return receipts.

Whenever this Letter of Credit is drawn under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us, and we shall deposit the amount of the draft in accordance with the Director's instructions.

This Letter of Credit shall be administered, construed, and enforced according to the laws of the State of Michigan.

We certify that the wording of this Letter of Credit is identical to the wording provided by the Director of the DEQ as of the date shown immediately below.

We engage with you that each draft drawn under and in compliance with the terms of this Letter of Credit will be duly honored on delivery of the documents as specified presented before this office on or before _____, or any automatically extended date as provided in the Letter of Credit.

Signature: _____

Institution: _____

Title: _____

City, State, Zip: _____

Date: _____

Contact: _____

Telephone: _____

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
Resource Management Division

EXHIBIT A

DETERMINATION OF BOND AMOUNT

Use the following to assist in determining the bond required pursuant to Section 16903(4) of Part 169, Scrap Tires, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, for outdoor and indoor storage areas. Please note that an acre is defined as 43,560 square feet.

The following applies to collection sites where the total number of scrap tires stored outside (this includes tires stored in vehicles) exceeds 2,500 scrap tires. There is no maximum bond limit.	AMOUNT OF BOND
OUTDOOR TIRE STORAGE AREA: Less than one-quarter (1/4) of an acre.	\$ 25,000.00
One-quarter (1/4) of an acre or more, but less than one-half (1/2) of an acre.	50,000.00
One-half (1/2) of an acre or more, but less than three-quarters (3/4) of an acre.	75,000.00
Three-quarters (3/4) of an acre or more, but less than one (1) acre.	100,000.00
Each one (1) acre parcel.	100,000.00
INDOOR TIRE STORAGE AREA: For indoor scrap tire storage area.	\$2.00/square foot

For any parcel of an outdoor scrap tire storage area exceeding one (1) acre or any integral multiple thereof, the amount of the bond shall include the required minimum for each acre plus the following:

PARCEL OF TIRE STORAGE AREAS EXCEEDING ONE (1) ACRE OR ANY INTEGRAL MULTIPLE THEREOF	ADDITIONAL AMOUNT OF BOND
Less than one-quarter (1/4) of an acre.	\$ 25,000.00
One-quarter (1/4) of an acre or more, but less than one-half (1/2) of an acre.	50,000.00
One-half (1/2) of an acre or more, but less than three-quarters (3/4) of an acre.	75,000.00
Three-quarters (3/4) of an acre or more, but less than one (1) acre.	100,000.00

The following applies to collection sites where the total number of tires stored outside is greater than 500 but less than 2,500 scrap tires. The MAXIMUM amount of bonding required for these collection sites is \$2,500.00.	AMOUNT OF BOND
OUTDOOR TIRE STORAGE AREAS: For outdoor scrap tire storage area.	\$2,500.00