



## IRREVOCABLE LETTER OF CREDIT INSTRUCTIONS FOR ACCEPTANCE AS BOND FOR A SCRAP TIRE COLLECTION SITE

*This information is required under the provisions of Part 169, Scrap Tires, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. Providing false information may result in civil or criminal penalties.*

Those scrap tire collection sites that 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 Environment, Great Lakes, and Energy ("EGLE") 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 shall not have an expiration date prior to January 31 of the year following the date of issuance.*
- *The LOC must identify the specific scrap tire collection site covered by the LOC.*
- *The LOC shall be submitted to:*

**DIRECTOR OF THE MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY  
MATERIALS MANAGEMENT DIVISION  
C/O SCRAP TIRE REGULATORY PROGRAM  
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.

IRREVOCABLE LETTER OF CREDIT FOR A SCRAP TIRE COLLECTION SITE

(PUT ON FINANCIAL INSTITUTION LETTERHEAD)

IRREVOCABLE LETTER OF CREDIT NUMBER: \_\_\_\_\_

DATE: \_\_\_\_\_

EXPIRATION DATE: \_\_\_\_\_

CORPORATION NAME: \_\_\_\_\_

FACILITY NAME: \_\_\_\_\_

WASTE DATA SYSTEM NUMBER: \_\_\_\_\_

Michigan Department of Environment, Great Lakes, and Energy  
Materials Management Division  
C/O Scrap Tire Regulatory Program  
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 Environment, Great Lakes, and Energy ("EGLE"), on behalf of \_\_\_\_\_, (the "Company"), for a sum of \$0.00, ( \_\_\_\_\_ 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 that 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 State of Michigan, 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"), WDS 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 be utilized pursuant to Section 16903(7) of Part 169." And if applicable, "I further certify that, pursuant to Section 16903(9), I have issued a notice or order alleging that the collection site owner is insolvent or the owner or operator has violated Part 169 and has failed to remove scrap tires as ordered by the Department of Environment, Great Lakes, and Energy and has been provided an opportunity for an informal hearing at least 7 days prior to the date of drawing on this Letter of Credit." or
2. Your signed statement as follows: "I certify that the Company has failed to provide EGLE with an extension of Letter of Credit No. \_\_\_\_\_, or with other acceptable financial assurance under Part 169 not less than 30 days prior to its expiration or cancellation."

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

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits No. 600 (2007 Revision), with the exception of Article 38(c). This Letter of Credit shall be deemed to be made under the laws of the State of Michigan, including Article 5 of the Michigan Uniform Commercial Code, and shall be governed by and construed in accordance with the laws of the State of Michigan. As to any matter of conflict between the provisions of the Uniform Customs and the laws of the State of Michigan, the laws of the state of Michigan shall govern this Letter of Credit.

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 EGLE 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 EGLE 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 EGLE 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 EGLE as of the date shown immediately below.

**IRREVOCABLE LETTER OF CREDIT FOR A SCRAP TIRE COLLECTION SITE**

We certify to 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 herein and presented to this office on or before [Click or tap here to enter text.](#), or any automatically extended date as provided in the Letter of Credit.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Institution: \_\_\_\_\_

Title: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Contact: \_\_\_\_\_

Telephone: \_\_\_\_\_

**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.**

| <b>OUTDOOR TIRE STORAGE AREA</b>   | <b>AMOUNT OF BOND</b> |
|--|-----------------------|
| 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          |
| <b>INDOOR TIRE STORAGE AREA</b>  |                       |
| 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:

| <b>PARCEL OF TIRE STORAGE AREAS EXCEEDING ONE (1) ACRE OR ANY INTEGRAL MULTIPLE THEREOF</b> | <b>ADDITIONAL AMOUNT OF BOND</b> |
|---|----------------------------------|
| 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.

| <b>OUTDOOR TIRE STORAGE AREAS</b>   | <b>AMOUNT OF BOND</b> |
|-------------------------------------|-----------------------|
| For outdoor scrap tire storage area | \$2,500.00            |