

Montgomery County Maintenance Bond Policy for Storm Water Structures outside the Right-of-Way

The Montgomery County, TN Subdivision Regulations, Article 10, allows the Montgomery County Building and Codes Department to require for a maintenance bond for all developments in Montgomery County, TN. The maintenance bond must be submitted before the subdivision final plat will be signed by the Montgomery County Building and Codes Department. The maintenance bond must be submitted in the form of a letter of credit.

Letter of Credit Requirements:

- 1.) MCBC must receive the letter within seven (7) days of the issuance date.
- 2.) Two original, signed copies on the issuing organization's letterhead must be submitted to MCBC.
- 3.) The letter must be issued with an expiration date of three years* from the date of issue.
- 4.) The amount required is based on the number of lots in the development:
 - \$700 per lot
 - Minimum maintenance bond – \$10,000
 - Maximum maintenance bond - \$75,000
- 5.) In developments with injections wells or remediated sinkholes, a separate \$25,000, five year maintenance bond is required for **each** injection well and/or remediated sinkhole. There is no exception to this requirement, and these maintenance bonds will not be waived.
- 6.) The letter must have the name and section number of the development the letter is being issued for.
- 7.) The letter must allow both partial and repeated withdrawals, up to the full value of the letter of credit.

* In cases where developers, contractors or builders have been unwilling or unable to follow applicable Federal, State or Montgomery County regulations and guidelines during previous projects constructed within Montgomery County, maintenance bonds for new projects can be held for up to five years at the discretion of the Montgomery County Building Commissioner. Decisions of the Montgomery County Building Commissioner can be appealed before the Montgomery County Building and Codes Committee.

Example Letter of Credit

Note: Letter of Credit must be on Official Bank letter head and two original, signed copies must be submitted to MCBC

IRREVOCABLE LETTER OF CREDIT

Montgomery County Building & Codes
ATTN: Rod Streeter, Building Commissioner
350 Pageant Lane, Suite 309
Clarksville, TN 37040

APPLICANT:
LETTER OF CREDIT NO.:
EXPIRATION DATE:

Mr. Streeter,

We hereby open our IRREVOCABLE LETTER OF CREDIT in your favor available by our drafts drawn on _____ Bank, Clarksville, Tennessee, payable at sight for any sum(s) not exceeding in total of (Amount) for the account of (Name of Individual or Organization).

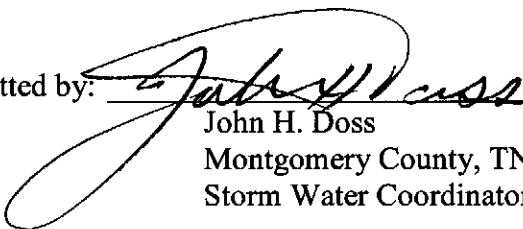
This Letter of Credit is to serve as surety to indemnify the Montgomery County Building and Codes for maintenance of drainage structures outside the right-of-way(s) in (Name of Subdivision or Project).

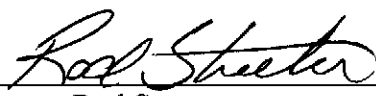
Drafts must be accompanied by invoices approved by the Montgomery County Building and codes. Each draft must bear upon its face the clause, "Drawn under Letter of Credit No. _____, dated _____, 20__ on _____ Bank."


We hereby agree with you that drafts drawn under and in compliance with the terms of this Letter of Credit will duly be honored if presented to the above mentioned drawee on or before (Date to expire), 20__ and this commitment expires after that date.

Montgomery County Maintenance Bond Policy (Version Dated 12/29/08) is approved for use by the Montgomery County, TN Storm Water Control and Management Program. Changes to this document must be submitted to the Montgomery County, TN Building and Codes Committee for approval.

Effective Date: **02/01/2009**

Submitted by:  _____ Date: 1/7/09
John H. Doss
Montgomery County, TN
Storm Water Coordinator

Approved by:  _____ Date: 1/7/09
Rod Streeter
Montgomery County, TN
Building Commissioner

Approved by:  _____ Date: 1-7-09
Chairman,
Montgomery County, TN
Building and Codes Committee