

Vermont Department of Labor

**Memorandum of Understanding
Letter of Credit**

This is a Memorandum of Understanding between _____
and the Commissioner of the Vermont Department of Labor.

WHEREAS, Employer has applied for a license to do business as an Employee Leasing Company in Vermont;
and

WHEREAS, the Commissioner has approved that application contingent upon the Employee Leasing
Company posting security in the amount of \$100,000.00 or 5% of the previous years Vermont wages, benefits,
workers' compensation premiums or awards or unemployment compensation contributions, whichever is
greater; and

WHEREAS, Employer wishes to meet this security requirement by posting a Letter of Credit issued by the
(name of bank) which is a Vermont state chartered bank/a federally chartered bank (cross out as appropriate)
with its main office in _____ therefore;

The Commissioner and Employer agree as follows:

1. The Letter of Credit is being furnished for the Commissioner in lieu of a surety bond in order to meet the condition established by statute for issuance of a license to do business as an employee leasing company.
2. Unless the Commissioner is notified otherwise by Registered Mail at least 90 days before any expiry date, the Letter of Credit will be automatically extended without amendment for an additional one year period.
3. Employer may, at any time, substitute a surety bond in an amount equal to the Letter of Credit. The surety bond furnished shall be subject to the prior approval of the Commissioner.
4. If the Commissioner is notified that the Letter of Credit will not be renewed and a new Letter of Credit acceptable to the Commissioner is not filed, the Commissioner may, at his or her discretion and 30 or more days after he or she received the notice, draw on the Letter of Credit.
5. The Commissioner may at his or her discretion, draw on the Letter of Credit at any time if needed to pay unpaid Vermont wages, benefits, workers' compensation premiums or awards or unemployment contributions which are the Employee Leasing Company's responsibility.
6. All proceeds resulting from the Commissioner drawing on the Letter of Credit shall be deposited with the State Treasurer and shall only be used to pay unpaid Vermont wages, benefits, workers' compensation premiums or awards or unemployment contributions which are the Employee Leasing Company's responsibility.
7. The Letter of Credit and this Memorandum of Understanding shall be governed by and interpreted under the laws of Vermont. Any action with respect to the Letter of Credit may be brought in a Vermont state court and Employee Leasing Company shall consent to the court's personal jurisdiction over the employer in that action.
8. This Memorandum of Understanding is effective on _____ .

EMPLOYEE LEASING COMPANY:

VERMONT DEPARTMENT OF LABOR

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

(SEAL)

(SEAL)

Vermont Department of Labor

Letter of Credit Form

Required Language:

For Reference Only
Entity

IRREVOCABLE LETTER OF CREDIT No. _____

Commissioner, Vermont Department of Labor
ATTN: Employee Leasing Program
P.O. Box 488
Montpelier VT 05601-0488

Dear Commissioner:

We have established this Irrevocable Letter of Credit solely in your favor for drawings up to U.S. \$ _____ effective immediately and expiring at our (bank address), with our close of business on _____ .

We hereby undertake to promptly honor your sight draft(s) drawn on us, indicating our Letter of Credit No. _____ , for all or any part of this Letter of Credit if presented at (bank address) on or before the expiry date or any automatically extended date.

Except as stated herein, this undertaking is not subject to any condition or qualification. The individual obligation of the Bank is in no way contingent upon reimbursement with respect thereto.

It is a condition of this Letter of Credit that it shall be deemed extended without amendment for one year from the expiry date, unless ninety (90) days prior to any expiry date we shall notify you by Registered Mail that we elect not to consider this Letter of Credit renewed for any such period.

It is a further condition of this Letter of Credit that any interruptions of the Bank's conduct of business caused by Act of God, riot, civil commotion, insurrection, war or other cause beyond the Bank's control, or by any strike or lockout, will automatically extend the expiry date hereof, as well as future expiry dates, by the period of interruption.

Should you have the occasion to communicate with us regarding this Letter of Credit, kindly direct your communication to the attention of our Letter of Credit Department, making specific Reference to our Letter of Credit No. _____ .

This Letter of Credit is subject to and governed by the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication No. 400) to the extent not inconsistent with Vermont Law. If any legal proceedings are initiated with respect to payment of this Letter of Credit it is agreed that such proceedings shall be subject to the Vermont courts and law.

Sincerely,