



Lower Oxford Township

Lower Oxford Township

Site Development

Cash Escrow
And
Letter of Credit Workbook

220 Township Road
Oxford, PA 19363

Office: 610-932-8150

Fax: 610-932-2367

Revised: July 2019

Table of Contents

Introduction.....	3
Establishing Construction Escrow	4
Types of Escrow Allowed.....	5
Establishing Construction Escrow	6
Request for Escrow Release.....	7
Engineering Inspections.....	8
Sample Letter of Credit.....	9
Improvement Guarantee Summary Sheet Construction Escrow	10
Escrow Release Form	11

INTRODUCTION

This booklet is intended to provide the information necessary for establishing and processing project financial security for development work in the Lower Oxford Township. The Secretary/Treasurer has assembled this document in order to simplify establishing and processing security requests and releases.

The package is divided into separate sections and includes samples of all forms necessary for establishment of project security or escrow.

Overall, these guidelines have been established in order to provide proper direction to the owner/applicant/developer so that the Township of Lower Oxford can properly evaluate these requests and process them.

Any questions regarding the content of this workbook should be directed to the Secretary/Treasurer at 610-932-8150 ext. 1.

ESTABLISHING CONSTRUCTION ESCROW

The following documents are relative to establishing initial project security:

- **Project Improvement Guarantee Summary Sheet** (To be provided by Developer)
- **Improvement Guarantee Worksheet** (To be provided by Developer)
- **Site Work Costs** (To be provided by Developer)

Upon Planning Board approval of the project, the developer and his agent must establish escrow for all estimated costs associated with the construction work and public improvements to be performed by the project. The time limit for establishing the construction escrow is six (6) months from the date of Planning Board approval. These improvements typically include, but are not limited to, the following:

- Construction of Public Streets
- Road Signs
- Off-site Improvements to Public Facilities
- Erosion Control
- Site Restoration & Stabilization
- Loam & Seed
- Landscaping (Includes Trees, Shrubs, and any types of vegetation for screening)
- Drainage & Associated Structures
- Survey Markers
- Safety issues (lights, guardrails)
- Fire Hydrants
- Any sewer work, not including individual building connections
- Any water system improvements, including establishment of corporation stops

Should there be questions regarding any public improvements that require security on a project, the developer, or his agent, should contact the Lower Oxford Township for clarification.

TYPES OF ESCROWS ALLOWED

ITEM	TYPE OF SECURITY REQUIRED
As-Built Drawings	Cash or Letter of Credit
Site Development	Cash or Letter of Credit
Work within Public Right-of-Way	Cash or Letter of Credit
Off-Site Improvements	Cash or Letter of Credit
Special Conditions	Cash or Letter of Credit
Site Restoration	Cash or Letter of Credit
Landscaping	Cash or Letter of Credit

All letters of credit submitted to Lower Oxford Township must be on official bank letterhead and they must contain signatures from the developer, as well as, the bank's representative. Photocopied or faxed letters of credits will not be accepted.

A sample letter of credit is enclosed in this package. All letters of credit must contain the stipulation that if all improvements are not completed by the expiration date and a certificate stating completion has not been issued, then the letter of credit shall be automatically considered to have been called (see last paragraph of the sample letter of credit).

ESTABLISHING CONSTRUCTION ESCROW

The following steps should be followed to establish project security value:

1. Using the itemized list on the improvement Guarantee Worksheet, an estimated quantity should be established for all items necessary to construct the project. All landscaping must be itemized on a separate sheet of paper.
2. After the quantities have been established, prices from the Township Engineer's Cost Estimate worksheet are entered as unit prices for each item.
3. Based on quantity and unit price, a total project value is established. After calculating the project value, engineering and contingencies (10%), and escalation factor.
4. The Township Engineer and/or Township Solicitor will then review the escrow and advise the developer of any revisions needed.
5. Included in the final escrow package is the agreed upon escrow guarantee worksheet with summary sheet and the letter of credit or cash escrow.

The entire package is presented to the Board of Supervisors. The Board of Supervisors will approve at the next regular scheduled board meeting. Board meetings are conducted on the second Monday of every month. All escrow requests must be submitted to the Secretary/Treasurer ten (10) days prior to the meeting for processing.

REQUEST FOR ESCROW RELEASE

The following steps should be followed when requesting an escrow release:

1. Using the Improvement Guarantee Escrow Release Form, the Developer should indicate an estimated value complete for each item being requested for release.
2. The form should also indicate the total value of remaining work.
3. This form should be presented along with a cover letter to the Secretary/Treasurer for consideration.
4. The Escrow Release Form will be reviewed and then forwarded to the Board of Supervisors.

All outstanding engineering inspection fees must be paid in full prior to the processing of any applicable escrow releases.

The escrow release package must be presented to Lower Oxford Township's Board of Supervisor's ten (10) calendar days prior to the Board meeting at which the request is to be considered.

It should be noted that all landscaping and loam and seed escrow funds will be held for a period of one (1) year after installation. This is done so that the Lower Oxford Township can ensure that all vegetation (landscaping, grass seed) will survive for that one year period.

ENGINEERING INSPECTIONS

All construction projects secured by escrow are subject to inspections by the Lower Oxford Township's Engineer. The cost for these inspections will be invoiced to the developer of record on a monthly basis. The inspections are billed at a rate of \$95.50 per hour. Any failure to pay for these inspections will result in a hold of any release on the construction escrow. The Lower Oxford Township Engineer will, only at the request of the Developer, calculate an approximate fee schedule for the engineering inspections.

SAMPLE LETTER OF CREDIT (Placed on Bank's Official Letterhead)

Date

Lower Oxford Township
220 Township Road
Oxford, PA 19363

RE: Subdivision/Site Plan Location

Irrevocable Letter of Credit _____ Expiration Date: _____

Dear Lower Oxford Township Officials:

By this document, the _____ Bank (Hereinafter "Issuer") hereby issues an irrevocable letter of credit in the amount of \$_____ to the Lower Oxford Township on behalf of _____ (hereinafter "Developer"). This irrevocable letter of credit is issued to guarantee completion of all improvements required by the Lower Oxford Township Regulations in conjunction with a Subdivision/Site Plan _____ dated _____, prepared by _____ and approved by the Lower Oxford Township Board of Supervisors on _____ (date).

It is understood that the improvements guaranteed by this irrevocable letter of credit include, but are not limited to, the following:

General improvements as described in escrow worksheet.

It is agreed and understood by the Issuer of this Letter of Credit that it shall be issued for a period of twelve (12) months. If all improvements guaranteed by this letter of credit are not completed by _____ (date) and if a certificate indicating completion of all improvements has not been issued by the Township Building Inspector, then this letter of credit shall be automatically considered to have been called. Without further action of the Lower Oxford Township or its Planning Board, the _____ Bank shall forthwith forward a check in the amount of _____ to the Treasurer of the Lower Oxford Township. The funds so forwarded to the Township Treasurer shall be used exclusively for the purpose of completing the improvements, which are guaranteed by this letter of credit. Any funds not needed by the Township to complete improvements required by the Subdivision/Site Plan referred to above shall be returned to the Bank.

I have read this letter of credit and agree to its terms.

(Signature of Bank Official) _____ Date

I have read this letter of credit and agree to its terms.

(Signature of Developer) _____ Date

**LOWER OXFORD TOWNSHIP
IMPROVEMENT GUARANTEE SUMMARY SHEET
CONSTRUCTION ESCROW**

Project Name:	
Parcel No.:	
Street Name:	
Total Amount:	\$

APPROVED FOR AMOUNT BY:

DEVELOPER'S SIGNATURE

DATE

The undersigned agrees to perform the work set forth on the attached worksheet in accordance with the plans and specifications submitted therewith and in accordance with the specifications and the laws and regulations of the Lower Oxford Township all within one year from date.

Prior to final release, all required warranty deeds shall be submitted, and all costs incurred by the Lower Oxford Township, for roadway inspections shall be reimbursed to the Township.

If work is not completed within 12 months of the date of this Agreement, the Developer hereby- releases to the Lower Oxford Township the amount of the performance guarantee still in effect at that time. This amount will then be used by the Lower Oxford Township to complete the necessary work.

Company Name

Authorized Signature

Address

Date

City State Zip

Telephone Number

Approved by the Lower Oxford Township Board of Supervisors

W. Ronald Kepler, Chairman

Joel C. Brown, Vice-Chairman

Kevin R. Martin, Member

Attest

LOWER OXFORD TOWNSHIP ESCROW RELEASE FORM

Date: _____

Project: _____ Tax Parcel No. _____

Location: _____

Present Amount Retained \$ _____

Amount to Release: \$ _____

Approved by:

W. Ronald Kepler, Chairman

Date

Joel C. Brown, Vice-Chairman

Date

Kevin R. Martin, Member

Date