

Guarantee Essentials

Requirements for CGP Bank Guarantees / Standby Letters of Credit

BG/SbLCs must be

- **Issued in US\$ or € Euros**, ~\$20M or more
NOTE: Funding and loan repayment/profits can be in almost any currency ... a huge advantage in certain markets
- **Issued by a rated commercial bank** (or if a Promissory Note, Avalized by same), the larger the better.
- **Expiration dates of 1 year (365+1 days) or more** or set for longer, and can be annually renewable until COD.

Essential keywords of BG/SbLCs, per our template:

- ✓ **Irrevocable and unconditional** (the issuing bank cannot change their mind, except prior to the first draw, or add arbitrary fees or conditions, once issued)
- ✓ **Cash-backed, transferable, assignable and divisible**
- ✓ Should say it is an “**Operative Instrument**” ([more](#), or on [banker-speak](#))

TOOLS &
TEMPLATES



Both BG/SbLCs and APNs are used as completion surety, are governed by a loan agreement with the developer, and follow int'l **Standby** (ISP98) or **Demand Guarantee** Rules (URDG).