ASSURANCE AGREEMENT TO CONSTRUCT SUBDIVISION IMPROVEMENTS

LETTER OF CREDIT

TOWN OF MARANA, ARIZONA

This Agreement is made and entered into by and between Subdivider's Name, an Arizona limited liability company (the “Subdivider”), and the Town of Marana, Arizona, a municipal corporation (the “Town”). The Subdivider and the Town are sometimes collectively referred to in this Agreement as the “Parties,” either one of which is sometimes referred to as a “Party.”

# RECITALS

1. On                                                , 20     , the Town approved the final plat identified as Full Subdivision Name, recorded in the office of the Pima County Recorder at Sequence Number                           . The land area depicted on the plat and the manner in which the plat proposes to divide and develop the land are collectively referred to in this Agreement as the “Subdivision.”
2. The Subdivider intends to develop the Subdivision.
3. The Parties wish to establish specific terms, conditions and guidelines to assure completion of the required subdivision improvements in compliance with the provisions of A.R.S. § 9‑463.01(C)(8) and Marana Town Code section 17‑5‑4, as they may be amended from time to time.
4. The Town seeks to protect the health, safety and general welfare of the community by requiring the completion of various improvements in the Subdivision and thereby to limit the harmful effects of substandard subdivisions, including premature subdivision which leaves property undeveloped and unproductive.
5. This Agreement inures to the benefit of the Parties and is not executed for the benefit of third parties, such as, but not limited to, materialmen, laborers, or others providing work, services or materials for the Subdivision, or lot or home purchasers in the Subdivision.

# AGREEMENT

Now, therefore, based on the foregoing recitals, which are incorporated here as the intention of the Parties in entering into this Agreement, the Parties agree as follows:

1. **Construction of Subdivision improvements.** The Subdivider shall construct and install, at no expense to the Town, all Subdivision improvements shown on the approved preliminary plat (if applicable), final plat and improvement plans for the Subdivision, and all other improvements or infrastructure that the Town reasonably determines are required to serve any portion of the Subdivision, including by way of illustration but not by limitation those improvements listed on Exhibit A attached to and incorporated in this Agreement (the “Improvements”). The Subdivider’s obligation to complete the Improvements arises as of the date of this Agreement, is independent of any obligations of the Town, and is not conditioned upon the sale of any lots or improvements within the Subdivision.
2. **Existing utilities.** Any relocation or modification of existing utilities or public improvements necessary to construct the Improvements shall be done at no expense to the public. The Subdivider’s performance of this requirement shall be considered in determining whether to release assurances under paragraphs 11 and 12.
3. **Assurance of construction.** This Agreement is submitted as an assurance that the Subdivider will construct the Improvements as required by A.R.S. § 9‑463.01(C)(8) and Marana Town Code section 17‑5‑4.
4. **Tender of Letter of Credit.** The Subdivider hereby tenders to the Town with this Agreement a letter of credit (the “Letter of Credit”) issued by Insert Bank Name under letter of credit number Insert Account Number, in the face amount of $Insert dollar amount.
5. **Provisions of the Letter of Credit.** The face amount of the Letter of Credit has been established based on the Town’s estimate of the total cost to perform the Subdivider’s obligations under paragraphs 1 and 2 of this Agreement, plus a reasonable contingency. Any rules, provisions or conditions relating in any way to the Letter of Credit, including without limitation any requirements for withdrawal and use of the Letter of Credit by the Town, shall specifically adopt by reference all of the terms of this Letter of Credit. If the terms of this Agreement are inconsistent with any rule, provision or condition relating to the Letter of Credit, the terms of this Agreement shall control.
6. **Start of construction.** The Subdivider shall promptly begin construction of the Improvements and shall complete the Improvements in a timely manner as required by Marana Town Code section 17‑5‑4, as it may be amended.
7. **Diligence.** Once construction of the Improvements has begun, the Subdivider shall diligently pursue completion of the Improvements. The Subdivider’s failure to do substantial work on the Improvements for a period of 30 consecutive calendar days shall be presumptive evidence that the Subdivider is failing to diligently pursue construction of the Improvements.
8. **Completion of the** **Improvements.** The Subdivider shall complete construction of the Improvements within the time period required by Marana Town Code section 17‑5‑4, as it may be amended; provided, however, that if the Letter of Credit has a termination date, the Improvements shall be completed at least 90 days prior to the Letter of Credit termination date. The Improvements shall not be considered completed unless and until they have been constructed in accordance with all applicable plans and regulations and inspected by the Town for compliance with the plans and regulations.
9. **Acceptance of the** **Improvements.** With respect to any of the Improvements to be dedicated to the Town, the Town shall not accept the Improvements or maintenance responsibility for the Improvements unless and until all of the following have occurred:
   1. The Improvements have been completed in accordance with paragraph 8 of this Agreement.
   2. The Improvements and the right-of-way in which the Improvements are located have been dedicated or conveyed to the Town.
   3. The Town by formal action has accepted dedication or conveyance of the Improvements and the right-of-way in which they are located.

1. **Warranty.** The Subdivider warrants that the Improvements will be free from defects for a period of one year from the date the Town determines upon inspection (see paragraph 8 above) that the Improvements have been constructed in accordance with all applicable plans and regulations.
2. **Release of assurances.** The obligations of the Subdivider under this Agreement shall be released, the Letter of Credit released to the Subdivider, and a release of assurances issued by the Town Engineer, only upon the Subdivider’s satisfactory completion and the Town’s acceptance of the Improvements in accordance with paragraph 8, or the Subdivider’s tender and the Town’s acceptance of substitute assurances for completion of the Improvements.
3. **Partial release of assurances.** The Town may issue a partial release of assurances, authorizing the Subdivider to reduce the face amount of the Letter of Credit, if the Town Engineer determines that the remaining face amount of the Letter of Credit is sufficient to perform the Subdivider’s remaining obligations under paragraphs 1 and 2 of this Agreement, plus a reasonable contingency.
4. **Substitution of assurances.** The Subdivider may submit substitute assurances in a form and amount acceptable to the Town at any time the Subdivider is not in default of this Agreement.
5. **Town’s option upon default.** In addition to any other remedies, if the Subdivider defaults on its obligations under this Agreement, the Town may at its sole discretion use the Letter of Credit to construct any or all of the Improvements or administrative processes necessary to close any and all permits. The Subdivider hereby authorizes the Town enter those portions of the Subdivision as necessary to construct the Improvements. The Town shall give 30 calendar days’ notice to the Subdivider before initiating any action to construct the Improvements.
6. **Restriction on occupancy.** No structures located on the Subdivision shall be occupied, and the Town shall not approve a final inspection or issue a certificate of occupancy for any structure located on the Subdivision, unless and until the Town determines that all of the Improvements that are required for, benefit, or serve the Subdivision (or the portion of it for which occupancy is sought) have been completed.
7. **Termination.** This Agreement shall remain in full force and effect until one of the following has occurred:
   1. All the Improvements have been completed and accepted by the Town Engineer as evidenced by a written full release of assurances from the Town Engineer.
   2. The Subdivider has tendered substitute assurances acceptable to the Town for the completion of the Improvements.
   3. A new subdivision plat has been recorded for the Subdivision in compliance with any and all applicable laws and regulations.
8. **Binding effect.** If for any reason the legal or beneficial title to the Subdivision changes without the Town’s prior approval of substitute assurances or issuance of a release of assurance, this Agreement shall remaining binding upon the Parties and their respective successors and assigns.
9. **Severability.** The provisions of this Agreement are severable. A court’s determination that any portion of this Agreement is invalid shall not affect the validity of the remainder of this Agreement.
10. **No waiver.** No waiver of any provision of this Agreement shall be deemed or constitute a waiver of any other provision, nor shall it be deemed to be a continuing waiver unless expressly provided for by a written amendment to this Agreement signed by both the Town and the Subdivider; nor will the waiver of any default under this Agreement be deemed a waiver of any subsequent default of the same type. The Town’s failure to exercise any right under this Agreement shall not constitute the approval of any wrongful act by the Subdivider.
11. **Subdivider’s notice of changes.** The Subdivider agrees to provide written notice to the Town at least ten calendar days before the occurrence of 1) a change of name, corporate identity or address of the Subdivider; 2) intent to transfer, or a transfer of title to the Subdivision by deed, contract or operation of law; 3) the foreclosure of a lien against the Subdivision or a portion of the Subdivision, 4) the filing of a voluntary or involuntary petition of bankruptcy respecting the Subdivider or affecting the Subdivision; 5) any other event that may affect performance of the Parties.
12. **Notices, addresses, and change of address.** Any notice required under this Agreement shall be complete when sent via First Class Mail or hand delivered to the following addresses. Any Party may change its address for purposes of notice under this Agreement by mailing a notice of change of address to the other Parties.

Subdivider: Subdivider's Name

1234 Main Street (use as many lines as necessary)

Marana, Arizona 85653

Town: Town of Marana Development Services Center

11555 W. Civic Center Drive, A2

Marana, Arizona 85653

1. **Date of Agreement.** The date of this Agreement shall for all purposes be the date of the signature of the last of the Parties to sign this Agreement.

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| The “Subdivider”:  Subdivider's Name, an Arizona limited liability company  By:  Name of Subdivider's Signer  Title of Subdivider's Signer | The “Town”:  Town of Marana, Arizona  By:  Town Manager  Attest:  By:  Town Clerk  Approved as to Form:  By:  Town Attorney  Approved as to Substance:  By:  Town Engineer |

State of Arizona )

ss.

County of )

The foregoing instrument was acknowledged before me this day of                               , 20    , by Name of Subdivider's Signer, Title of Subdivider's Signer of Subdivider's Name, an Arizona limited liability company, on its behalf (the “Subdivider”).

|  |  |
| --- | --- |
| (Seal) | Notary Public |

**Exhibit A**

Subdivision Name: Full Subdivision Name

The following improvements and conditions are made a part of this assurance agreement:

1. Obtaining all necessary Governmental permits
2. Preservation of native plants, as identified on approved salvage plans
3. Grading:
   1. Rough grading in improvement plans
   2. Structures in improvement plans
   3. Utility trenching in improvement plans
   4. Any other items included in improvement plans
4. Septic systems
5. Water distribution system
6. Other utility installations
7. Any off-site installations required
8. Any drainage included in improvement plans
9. Paving required by improvement plans, including, if appropriate:
   1. Subgrade
   2. Base
   3. Paving
   4. Curb and gutter
   5. Storm drainage not covered elsewhere
10. Installation of all signs and paving markings
11. Landscaping in any public right-of-way
12. Other construction items included in improvement plans, such as guardrails
13. Placement of all lot corners, standard monuments, and bench marks and records thereof
14. Field engineering: Staking, surveillance, inspections, testing, reports, as-built mylars
15. Park improvements and equipment for all pocket parks, if any, shown on the plat or improvement plans