Dear Sir:

We hereby issue this documentary letter of credit in your favor which is available against beneficiary’s draft at sight drawn on ___(bank name)____, bearing the clause “drawn under documentary letter of credit number ________________ accompanied by the following documents:

1. Beneficiary’s signed statement addressed to the applicant, stating: ___(applicant’s name)____ has failed to comply with the S.C. Physical Fitness Services Act, S.C. Code § 44-79-10 et seq. (LAW CO-OP 1986) or has failed to provide contracted for physical fitness services to customers as determined by the Administrator after notice and opportunity for hearing. We are therefore entitled to the sum of $__________________ drawn under letter of credit number ________________, Or

2. Beneficiary’s signed statement addressed to the applicants stating that ___(applicant’s name)____ has not replaced this letter of credit number ______________ with another letter of credit or other evidence of financial responsibility acceptable to the Administrator within 45 days of the expiration date of the credit, and we are therefore entitled to the sum of $__________________ drawn under letter of credit number ________________."

(Signature of authorized bank officer)

(Title)