



TYPES OF GUARANTEES

Township of Lower Merion

Lower Merion Township, acting under the Municipalities Planning Code, requires that a guarantee for improvements be posted with the Township prior to the recordation of an approved Subdivision/Land Development Plan or to the issuance of various Permits. For Subdivision/Land Development Plans, the applicant submits a certified estimate for the public improvements from their engineer. For the various Permits, the Township Engineer prepares the estimate based on the approved plan.

There are four main types of guarantees:

- **Cash Deposits.** This is the simplest method. The cash/check is deposited with the Township and a Cash Deposit Agreement (available from the Building and Planning Department) is completed and signed by the applicant and the Township.
- **Letter of Credit.** This consists of an irrevocable Letter of Credit from a financial institution. The Letter of Credit must contain an “Evergreen Clause” (an automatic extension of the expiration date of the Letter until the financial institution gives written notice that it will not be extended), and must be able to be redeemed at an office in the Philadelphia area. An approved sample format for a Letter of Credit is available from the Planning and Community Development Department. A Letter of Credit Agreement (available from the Building and Planning Department) must be completed and signed by the applicant and the Township. The Letter of Credit and Agreement shall be reviewed and approved by the Township Solicitor. A \$155 fee (payable to Lower Merion Township) is required for the Solicitor’s review.
- **Escrow.** This is a tri-party agreement between the applicant, the Township and a financial institution. Generally, the applicant, deposits funds in the amount of the required guarantee with the financial institution. All three parties then sign an Agreement (available from the Building and Planning Department) wherein the financial institution affirms that the funds will only be released with the direct authorization from the Township. The Agreement must then be reviewed and approved by the Township Solicitor. A \$155 fee is required for this review.
- **Bond.** A Completion Bond includes the bond itself, a Power of Attorney in the name of the person signing the bond, and a financial statement from the bonding company. The bond will be submitted to the Township Solicitor for approval, and the \$155 fee is required.

All requests for releases shall be by e-mail or in writing. Mail requests are addressed to the Township Engineer, in care of AForney@lowermerion.org. Releases may be partial or total. Releases will be based on satisfaction of each itemized item in the Township Engineer’s letter.

Inspections of site work will be performed by the Township Engineer’s office in order to verify compliance with Township codes and will be billed directly to the individual who posted the financial guarantee. The financial guarantee will not be fully released until all outstanding invoices for these inspections have been satisfied.

Authorization for the release of monies from a Subdivision/Land Development guarantee must be approved by the Township Board of Commissioners at their monthly meeting.

Authorization for the release of monies from a Runoff and Erosion Control/Minor Grading/Watercourse Permit guarantee comes from the Township Engineer and the release can be made promptly. In both instances, the Township Engineer will respond with a letter detailing the amount to be released.