

WESTERGREN SUBDIVISION LETTER OF CREDIT AGREEMENT

THIS LETTER OF CREDIT AGREEMENT (“Agreement”) is made and entered into this ___ day of March, 2026 (the “Effective Date”), by and between CONTRY HOMES GROUP, LLC, a limited liability company organized and existing under the laws of the State of Illinois (“Builder”), and the VILLAGE OF POPLAR GROVE, ILLINOIS, an Illinois municipal corporation (“Village”). The Village and the Builder are at times collectively referred to herein as the “Parties” or individually as a “Party.”

RECITALS

WHEREAS, Westergren Subdivision (“Subdivision”) is an existing subdivision located within the Village of Poplar Grove, Illinois, which was previously platted and partially constructed but remains incomplete; and

WHEREAS, the Builder has purchased eighteen (18) lots within the Subdivision along the public right-of-way commonly identified as “Hughes Parkway”, as well as four (4) lots within the Subdivision along Sycamore Way, all of which are depicted on Exhibit “A”; and

WHEREAS, the purchased lots are identified by the following lot numbers, as depicted on Exhibit “A”: Lots 13-14-15-16-17-18-19-20-21-22-23-24-25-65-66-67-68-69-70-71-72-73 (the “Lots”); and

WHEREAS, the Builder desires to complete certain improvements in and around the Subdivision, including asphalt and curb and gutter repair (as delineated in Exhibit “B”) which have been evaluated by the Village Engineer (“Subdivision Improvements”); and

WHEREAS, as a condition to the approval, issuance, or continuation of certain permits, approvals, entitlements, or agreements related to the Subdivision Improvements, and as required by Section 9-3-5(A)(2) of the Village’s Code of Ordinances, the Village requires security to ensure completion of the aforementioned Subdivision Improvements, payment of fees or costs, warranty obligations, maintenance obligations, restoration, and other performance obligations of the Builder (the “Secured Obligations”); and

NOW, THEREFORE, to satisfy the Village’s security requirements, the Builder shall furnish and maintain, at its sole cost and expense, a letter of credit in a form acceptable to the Village, securing the completion of the Subdivision Improvements and the Secured Obligations.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I — DEFINITIONS

1.1 “Beneficiary” means the Village.

- 1.2 “Issuing Bank” means the financial institution that issues the Letter of Credit and which is in good standing in the United States of America and is located in, and authorized to do business within, the State of Illinois.
- 1.3 “Letter of Credit” or “LOC” means the irrevocable, standby letter of credit issued in favor of the Village under this Agreement, together with any amendments, extensions, supplements, or replacements.
- 1.4 “Draw” means a sight draft, draw certificate, or other conforming drawing presented by the Village to the Issuing Bank under the LOC in accordance with its terms.
- 1.5 “Subdivision” means the Westergren Subdivision located within the Village.
- 1.6 “Subdivision Improvements” means the agreed infrastructure improvements located in and around the Subdivision, including asphalt and curb and gutter repair (Exhibit “B”) which have been evaluated by the Village Engineer.
- 1.7 “Secured Obligations” means security required by the Village to ensure completion of the Subdivision Improvements, payments of fees or costs, warranty obligations, maintenance obligations, restoration, and other performance obligations of the Builder as a condition to the approval, issuance, or continuation of certain permits, approvals, entitlements, or agreements related to the Subdivision Improvements and as required by Section 9-3-5(A)(2) of the Village’s Code of Ordinances.

ARTICLE II —BUILDER OBLIGATIONS

- 2.1 Procurement and Delivery. After execution of this Agreement, and prior to an application for a building permit for any Lot, or permit of any kind related to the Subdivision Improvements, the Builder shall procure and deliver to the Village an LOC meeting the requirements of this Agreement in an initial face amount not less than \$194,289.17, which is 115% of the estimated costs of the Subdivision Improvements and Secured Obligations (the “Approved Amounts”).
- 2.2 Maintenance of LOC. Builder shall at all times maintain the LOC in full force and effect until released in accordance with the terms set forth in this Agreement. The LOC shall expire one (1) year from the Effective Date but can be renewed by mutual written agreement of the Parties for additional one (1) year terms. Any renewals shall be effectuated at least sixty (60) days prior to the expiration date.
- 2.3 Substitutions; Non-Interference; Fees; Increases; Reductions.
 - (a) Substitutions. Builder may substitute the LOC with a new LOC meeting the requirements of this Agreement provided that there is no gap in coverage and the Village approves the substitution in writing. Such approval from the Village

shall not be unreasonably withheld, conditioned, or delayed.

- (b) Non-Interference. Builder shall not take any action, or permit any action, that impairs the enforceability, availability, or value of the LOC.
- (c) Fees. Builder is solely responsible for all fees and charges issued by the Issuing Bank or otherwise incurred in connection with the LOC.
- (d) If costs to complete the Secured Obligations and Subdivision Improvements increase or if the Village, upon consultation with the Village Engineer, reasonably determines that the then-current LOC amount is insufficient, Builder shall cause the LOC to be increased to the required amount within thirty (30) days after written notice.
- (e) Reductions. Upon partial completion, acceptance, or satisfaction of portions of the Subdivision Improvements and Secured Obligations, Builder may request a reduction in the LOC amount. The Village may approve a reduction in an amount commensurate with the remaining Secured Obligations and Subdivision Improvements.

ARTICLE III —LETTER OF CREDIT TERMS AND CONDITIONS

- 3.1 The LOC shall be a clean, irrevocable, standby letter of credit, available by sight draft and a simple draw certificate in a form previously approved by the Village.
- 3.2 Beneficiary. The Beneficiary shall be the Village.
- 3.3 Availability; Expiration. The LOC shall be available for drawing until its expiration date and any subsequent renewals consistent with Section 2.2, above.
- 3.4 Draw Conditions. The LOC shall permit the Village to draw by presentation of: (a) a sight draft, and (b) a certificate signed by an authorized official of the Village stating that: (i) Builder is in default of one or more Secured Obligations; or (ii) funds are needed to pay costs, fees, or expenses authorized to be secured by the LOC under this Agreement.
- 3.5 Partial Draws; Multiple Draws. Partial and multiple draws shall be permitted.

ARTICLE IV — VILLAGE’S RIGHTS; USE OF PROCEEDS

- 4.1 Draws. Upon the occurrence of any event contemplated in Section 3.4, above, the Village may make one or more Draws in such amount as the Village deems reasonably necessary to protect the public interest or to complete or secure the Secured Obligations..

- 4.2 Application of Proceeds. Proceeds of any Draw may be applied to: (a) complete or cause the completion of the Subdivision Improvements; (b) correct defective or nonconforming work; (c) stabilize, secure, or restore the Subdivision; (d) pay unpaid fees, inspection and testing costs, professional services, and administrative costs incurred by the Village related to the Secured Obligations and Subdivision Improvements; and (e) reimburse the Village for costs, losses, and expenses (including reasonable attorneys' fees) incurred due to Builder's default under the Secured Obligations and Subdivision Improvements.
- 4.3 No Duty to Construct. The Village's right to use LOC proceeds does not obligate the Village to complete the Subdivision Improvements or assume responsibility for the same. The Village may, but is not required to, perform work directly or through contractors.
- 4.4 Surplus. After application of LOC proceeds and satisfaction of the Secured Obligations and related costs, any remaining funds shall be returned to the Issuing Bank for credit to Builder or otherwise remitted as directed in writing by Builder, subject to applicable law.

ARTICLE V — DEFAULT; NOTICE; CURE

- 5.1 Events of Default. Events of default include (a) failure to timely complete the Secured Obligations and Subdivision Improvements prior to the expiration of the term of the LOC as set forth in Section 2.2, above; (b) failure to maintain the LOC in the required form and amount; (c) Insolvency, bankruptcy, or receivership of Builder; or (e) any other material breach of this Agreement related to the Secured Obligations and Subdivision Improvements.
- 5.2 Notice and Opportunity to Cure. Except where immediate action is required to protect public health, safety, or welfare, or where under fourteen (14) days remain in the stated term of the LOC pursuant to Section 2.2, above, the Village shall provide Builder with fourteen (14) days' written notice of default and an opportunity to cure before making a Draw. If an Event of Default occurs with under fourteen (14) days remaining in the stated terms of the LOC pursuant to Section 2.2, above, the Village, upon notice provided to Builder, shall have an immediate right to a Draw in accordance with Article IV, above.

ARTICLE VI – REDUCTION AND RELEASE

- 6.1 Requests for Reduction. Builder may request reductions based on substantial completion, partial acceptance, or reduction in the remaining Secured Obligations. Requests shall include supporting documentation such as, but not necessarily limited to: (a) a certified pay application; (b) as-built drawings; and (c) inspection reports.
- 6.2 Inspections; Approvals. The Village Engineer, or any other official designated by the Village, may conduct inspections and require testing to verify eligibility for a reduction. The Village shall act reasonably and respond within thirty (30) days after

receipt of a complete request.

- 6.3 Final Release. Upon (a) completion and acceptance of all Subdivision Improvements; (b) expiration of all warranty and maintenance periods; (c) payment of all fees and costs; and (d) delivery of final lien waivers and as-built documents as required, the Village shall authorize the release of the remaining LOC amount and return or consent to cancellation of the LOC.

ARTICLE VII – COVENANTS

- 7.1 Compliance. Builder shall comply with all schedules and conditions related to the Secured Obligations.
- 7.2 Further Assurances. Builder and the Village shall each execute and deliver such additional documents and take such further actions as may be reasonably necessary to effectuate the purposes of this Agreement.
- 7.3 Cooperation with Inspections. Builder shall provide reasonable access for inspections, testing, and verification related to the Secured Obligations and Subdivision Improvements.

ARTICLE VIII – INDEMNIFICATION

- 8.1 Builder Indemnity. To the fullest extent permitted by law, Builder shall indemnify, defend, and hold harmless the Village and its officials, employees, and agents from and against any and all claims, liabilities, damages, losses, fines, penalties, costs, and expenses (including reasonable attorneys' fees) arising out of or related to: (a) Builder's breach of this Agreement; (b) performance or non-performance of the Secured Obligations and the Subdivision Improvements; or (c) the Village's Draws and application of LOC proceeds in accordance with this Agreement, except to the extent caused by the Village's willful misconduct.
- 8.2 No Indemnity by Village. The Village provides no indemnity to Builder.

ARTICLE IX- MISCELLANEOUS

- 9.1 Assignment. Builder may not assign this Agreement without the Village's prior written consent..
- 9.2 No Third-Party Beneficiaries. Except for the Issuing Bank's obligations under the LOC and as otherwise expressly stated, this Agreement is for the sole benefit of the Parties and any permitted successors and assigns.
- 9.3 Entire Agreement; Amendments. This Agreement, together with its incorporated

Exhibits, constitutes the entire agreement regarding the subject matter and supersedes prior understandings. Amendments must be in writing and executed by authorized representatives of both Parties.

- 9.4 Severability. If any provision is held invalid, the remainder of this Agreement shall not be affected.
- 9.5 Governing Law; Venue. This Agreement is governed by the laws of the State of Illinois, without regard to conflicts of law principles. The Parties agree that the proper venue for any action brought pursuant to or under this Agreement is the State of Illinois, 17th Judicial Circuit.
- 9.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original.
- 9.7 No Waiver. No failure or delay by the Village in exercising any right or remedy shall operate as a waiver thereof.
- 9.8. Headings. Headings are for convenience only and do not affect interpretation.
- 9.9. The Parties acknowledge that each has had the opportunity to review this Agreement with legal counsel. This Agreement shall not be construed against either the Village or Builder as drafter.
- 9.10 Recitals. All recitals above are incorporated into the body of this Agreement by reference.
- 9.11 Notices. All notices, demands and requests required or permitted by this Agreement shall be in writing and shall be sent by facsimile, email, courier, certified mail, or hand delivery, as follows:

If to Builder:

Contry Homes Group, LLC
Attn: Joe Contarino
6551 E Riverside Blvd, Suite 111, Rockford, IL 61114
joe@contryhomes.com

If to Village:

Village of Poplar Grove
Attn: Village President
200 N. Hill St, Poplar Grove IL, 61065

IN WITNESS WHEREOF, the Parties hereto have duly executed and delivered this Agreement as of the

day and year first above written.

Contry Homes Group, LLC

By: _____
Joe Contarino

Its: _____

Date: _____

Village of Poplar Grove, Illinois

By: _____
Village President

Date: _____

ATTEST: _____
Village Clerk

Date: _____

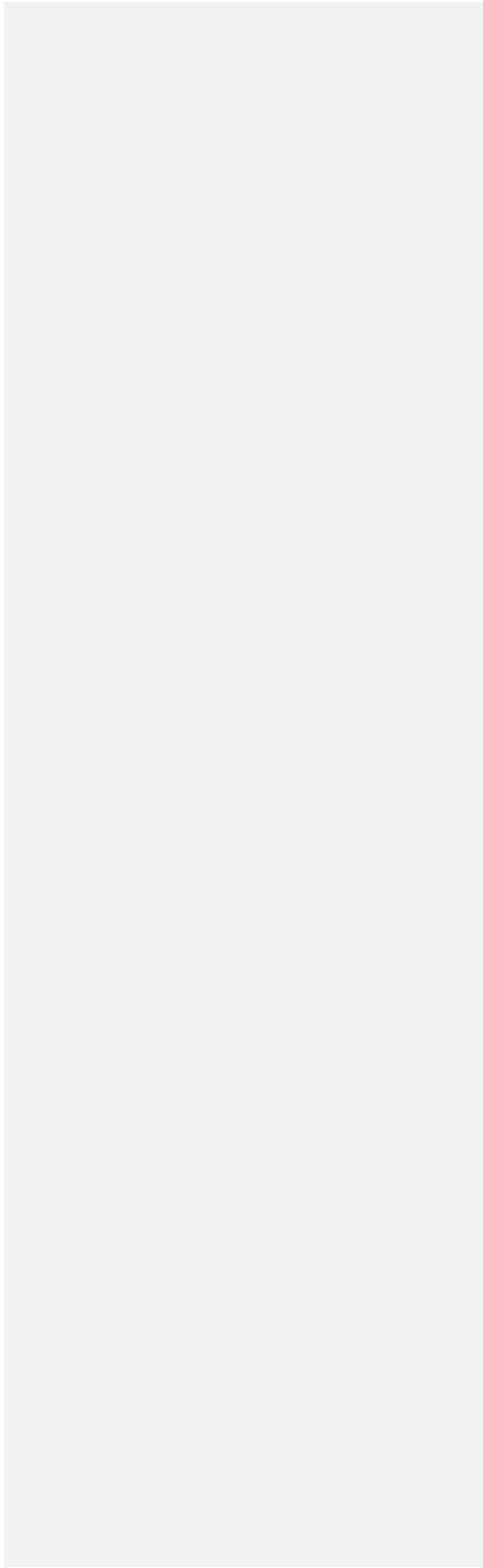


EXHIBIT B

Commented [DB2]: This should be Exhibit "B" pursuant to my revisions

Westergren Subdivision				
Sycamore St. (Oak Ln. to End) and Hughes Pkwy. (W of Westergren Way to Sycamore St.)				
Item	Unit	Quantity	Unit Cost	Total
Adjust Sanitary Manhole	EACH	1	\$1,200.00	\$1,200.00
Inlet Reconstruct	EACH	5	\$1,000.00	\$5,000.00
Curb and Gutter Remove and Replace, M-6.18 (radii)	LF	70	\$65.00	\$4,550.00
Curb and Gutter Remove and Replace, M-6.18 (inlets)	LF	50	\$65.00	\$3,250.00
HMA Binder Removal	SQ YD	125	\$10.00	\$1,250.00
Full Depth Stone Base Removal and Replacement	SQ YD	125	\$150.00	\$18,750.00
Televise Storm Sewer (Sycamore St sinkhole)	LF	30	\$100.00	\$3,000.00
Excavate and Repair storm sewer (Sycamore St)	L SUM	1	\$4,000.00	\$4,000.00
Edge Mill (7' Wide)	SQ YD	2105	\$3.50	\$7,367.50
Manhole Wedge Removal	EACH	3	\$150.00	\$450.00
HMA Leveling Binder	TON	55	\$180.00	\$9,900.00
HMA Binder Course, 1.5"	SQ YD	125	\$15.00	\$1,875.00
Pavement Cleaning and tack coat	SQ YD	4755	\$0.65	\$3,090.75
HMA Surface Course, 1.5"	SQ YD	440	\$115.00	\$50,600.00
Subtotal				\$114,283.25
Contingency, 5%				\$5,714.16
Subtotal				\$119,997.41
Westergren Way (Oak Ln. to Hughes Pkwy.)				
Item	Unit	Quantity	Unit Cost	Total
Sidewalk Remove and Replace, 5"	SQ FT	120	\$25.00	\$3,000.00
Curb and Gutter Remove and Replace, M-6.18	LF	120	\$65.00	\$7,800.00
Edge Mill (7' Wide)	SQ YD	575	\$3.50	\$2,012.50
Manhole Wedge Removal	EACH	2	\$150.00	\$300.00
Pavement Cleaning and tack coat	SQ YD	2000	\$0.65	\$1,300.00
HMA Surface Course, 1.5"	SQ YD	185	\$115.00	\$21,275.00
Subtotal				\$35,687.50
Contingency, 5%				\$1,784.38
Subtotal				\$37,471.88
Westergren Way at Oak Lane Intersection (area already paved)				
Item	Unit	Quantity	Unit Cost	Total
Curb and Gutter Remove and Replace, M-6.18	LF	60	\$65.00	\$3,900.00
HMA Surface Removal, 1.5"	SQ YD	475	\$3.50	\$1,662.50
Pavement Cleaning and tack coat	SQ YD	475	\$0.65	\$308.75
HMA Surface Course, 1.5"	SQ YD	44	\$115.00	\$5,060.00
Subtotal				\$10,931.25
Contingency, 5%				\$546.56
Subtotal				\$11,477.81