



Instructions to Obtain an Irrevocable Letter of Credit

If the applicant or agent elects to obtain a letter of credit (LOC), it may do so through any federally insured lending institution or, at ARC's discretion, a state chartered lending institution. The bank the applicant or agent selects may use the form on the opposite page as is or a photocopy of same provided it bears both an ORIGINAL signature and bank seal (NOT A NOTARY SEAL) and is otherwise executed as an ORIGINAL document. In all instances, ARC must always have the ORIGINAL LOC in its possession.

Most banks choose to prepare LOCs on their own letterhead. This is perfectly acceptable as long as the bank does not delete from, add to, or otherwise amend or alter the language of the instrument in a manner as would substantively alter or negate the intent of the provisions contained therein.

In addition to the standard clauses in the body of the LOC, the following fields require special attention:

1. Letter of credit number.
2. If you are an approved agent, please provide your home office agency code number to your bank for inclusion on your letter of credit. This will enable ARC to identify and match your LOC with your file. If you are a non-branch pending applicant, request your bank to state the word "pending" in the space reserved for agency code number.
3. Your agency's correct full LEGAL name. Those agents undergoing a Type V ownership change or legal name change must ensure that the LOC states the PROPOSED legal name.
4. Airlines Reporting Corporation shown as the BENEFICIARY.
5. Correct amount. MINIMUM of \$20,000 for non-approved applicants. MINIMUM of \$20,000 and MAXIMUM of \$70,000 for Type II, IV and V ownership change applicants subject to the requirements of Section IV.A. in Section 80.
6. ORIGINAL of bank seal if on ARC forms. If the LOC is on bank letterhead, the requirement for the bank seal is waived.
7. Printed name and title and the ORIGINAL signature of a bank official authorized by the issuing bank to sign the LOC.
8. The letter of credit must contain the word "irrevocable" in reference to this specific letter of credit.
9. Certification letter certifying that the bank official who signed the LOC is authorized to execute same and affirming the authenticity of his or her signature on said LOC.

- ⇒ **It is your responsibility as the applicant or agent to ensure that the LOC issued by your bank conforms to standards acceptable to ARC. ARC reserves the right to reject any LOC that does not meet these standards.**
- ⇒ In addition to the above requirements and to help you avoid common pitfalls, following is some additional information to assist you in understanding the process that goes into the issuance of an LOC.
- ⇒ ARC does not issue or cancel LOCs; therefore, we cannot reinstate or extend the cancellation date. Reinstatements and extensions of an LOC cancellation MUST be received by ARC from your bank in writing PRIOR to the date of cancellation.
- ⇒ If your LOC is canceled, contact your bank to rectify the matter OR obtain a replacement bond or LOC PRIOR to the effective date of cancellation.
- ⇒ Don't wait until the last minute to take care of LOC cancellations or ARC-required increases. It takes time for your bank to process your request.
- ⇒ **When replacing an LOC with a bond, the issuing bank or an agency owner or officer must submit a request in writing to ARC for the return of the LOC. ARC will return the LOC to the issuing bank one hundred days from the effective date of the bond if there are no outstanding agent debts to ARC or to participating carriers.**
- ⇒ **When replacing an LOC with a Cash Security Deposit (CSD), ARC will return the LOC to the issuing bank promptly after approval of the CSD application by ARC and provided that there are no outstanding agent debts to ARC or to participating carriers.**
- ⇒ An agent may not provide the required coverage through either multiple bonds, multiple LOCs or multiple CSDs or any combination thereof. The amount required of an agent between the minimum (\$20,000) and maximum (\$70,000) must be provided either with a single bond, a single LOC or a single CSD.. In other words, an agent requiring total coverage of \$20,000 cannot comply with that requirement by providing to ARC, e.g. two \$10,000 bonds, a bond and an LOC, an LOC and a CSD, a bond and a CSD, etc.

A photocopy of the Irrevocable Letter of Credit form on the next page may be used by your bank if it bears both an ORIGINAL signature and raised bank seal and is otherwise filled out as an ORIGINAL document.



Irrevocable Letter of Credit

Full Name of Bank Issuing This Letter	<input type="checkbox"/> Non-Approved ARC Applicant <input type="checkbox"/> Ownership Change <input type="checkbox"/> Agency Legal Name Change <input type="checkbox"/> Redesignation <input type="checkbox"/> Replacement Letter of Credit
Street Address ONLY of issuing location	
City	State
(____) _____ - _____	Zip Code
____ - _____	ARC Agency Code Number
____ - _____	Date: ____/____/____
Telephone No.	

Airlines Reporting Corporation (A•R•C)
4100 North Fairfax Drive
Suite 600
Arlington, VA 22203

RE: _____
 Full legal name of travel agency and DBA, if any; the legal name **MUST** be identical to the legal name on the ARC application

 City State

IRREVOCABLE LOC NO. _____

At the request of _____, we hereby establish our Irrevocable Letter of Credit in your favor and authorize you to draw on us to an aggregate amount of USD _____ (\$ _____), and we engage with you that all drafts at sight drawn under and in compliance with the terms of this credit will be fully honored by us if presented at this office on or before ____/____/____. (**Date – one year term**) or any extended date, provided:

1. This Letter of Credit shall be automatically extended without amendment for an additional period of one year from the present or each future expiration date unless we have notified you in writing, not less than sixty (60) days before such expiration date, that we elect not to renew this Letter of Credit. Our notice of such election shall be sent certified mail, return receipt requested, to your above address (or such other address as you may advise us of in writing) to the attention of "Bond Section."
2. Any draft(s) drawn by you under this Letter of Credit shall be accompanied by a letter executed by an authorized official (or one describing himself or herself therein as an authorized official) of Airlines Reporting Corporation ("ARC") stating as follows:

 "Claims have been submitted or may be submitted to ARC by carriers for tickets or other instruments of value issued on ARC traffic documents which were supplied, in paper and electronic versions, in trust by ARC to the travel agent; and for which the travel agent is monetarily responsible. The claims remain or may remain unpaid by the travel agent and the funds represented by the attached draft(s) are required for the protection of ARC and the carriers."
3. Your acceptance of this credit will constitute your agreement to repay to us within six (6) months after your receipt of the funds paid to you hereunder to the extent that such funds exceed the total amount of claims paid or to be paid by you to carriers of ARC for unpaid documents.
4. We hereby agree with you that all draft(s) drawn under and in compliance with the terms of this LOC will be fully honored upon presentation, as specified herein, without additional endorsement. We further agree that LOC proceeds shall be paid without deduction, set-off or counter claim, and any banking charge(s) is for the account of the applicant and will not be deducted from the proceeds.
5. Partial drawings are permitted.

BANK SEAL

 Print name and title of authorized bank official

 Signature of authorized bank official*

***By separate letter accompanying this Letter of Credit, the bank has certified the authenticity of the officer's signature and the authority of the officer. A photocopy of this letter of credit form may be used by your bank if it bears an ORIGINAL SIGNATURE AND SEAL and is otherwise filled out as an ORIGINAL document.**

Revised 04/04



Instructions to Obtain an Amendment to an Irrevocable Letter of Credit

If your agency is covered by a letter of credit as opposed to a bond, an amendment to it should be made whenever the following types of applications or changes in status are submitted.

1. Increase to the monetary coverage requested.
2. Decrease to the monetary coverage permitted.
3. Redesignation of home office to branch or vice-versa.
4. Change of legal name that **DOES NOT** involve a change in ownership.
5. Type III ownership change.
6. Addition of any language to the letter of credit required by ARC standards.
7. Deletion of any language not permitted by ARC standards.
8. Correction to the beneficiary name (which in all cases must be Airlines Reporting Corporation).
9. Correction to the term date of the instrument.

Your bank may use the form on the opposite page as is or a photocopy of same provided it bears both the printed name and title and the **ORIGINAL** signature of an authorized bank official and the bank's seal (**NOT A NOTARY SEAL**) and is otherwise executed as an **ORIGINAL** document. In all instances, ARC must always have the **ORIGINAL** amendment in its possession.

An amendment may **NOT** be used to correct an authorized signature or bank seal that is missing or incorrect. If the appropriate signature is missing, the letter of credit will be returned. If the appropriate signature is incorrect for any reason, the letter of credit will be returned with a request for a new one to be issued.

An amendment may **NOT** be used to transfer the letter of credit to proposed owners on a Type II, Type IV or Type V ownership change. In all cases, these ownership changes require a completely new instrument.

If you are an approved agent, please provide your home office agency code number to your bank for inclusion on your amendment. This will enable ARC to identify and match your amendment with your file. If you are a non-branch pending applicant, request your bank to state the word "pending" in the space reserved for agency code number. It is your responsibility as the applicant or agent to ensure that all amendments issued by your bank conform to standards acceptable to ARC. ARC reserves the right to reject any amendment that does not meet these standards.



Amendment to Irrevocable Letter of Credit

Non-Approved ARC Applicant
 Ownership Change
 Agency Legal Name Change
 Redesignation
 Replacement Letter of Credit

Full Name of Bank Issuing This Letter _____

Street Address **ONLY** of issuing location _____

City _____ State _____ Zip Code _____

(_____) _____ - _____ -- _____ -- _____ Date: ____/____/____
Telephone No. ARC Agency Code number

Airlines Reporting Corporation (A•R•C)
4100 North Fairfax Drive
Suite 600
Arlington, VA 22203

Amendment number: _____

Re: _____
Full legal name of Agency and DBA, if any; the legal name **MUST** be identical to the legal name on the ARC application

_____ City _____ State _____

Letter of Credit No. _____, dated ____ / ____ / _____, issued to you is hereby amended as follows: (Insert one of the following sentences)

- The amount of the letter is increased or decreased by \$ _____, making a new total amount of \$ _____ .
OR
- The subject's legal name or location is changed from _____
to _____
OR
- Our elect not to renew notice dated ____ / ____ / ____ is hereby rescinded and the referenced Letter of Credit is reinstated with all terms and conditions intact.

BANK SEAL

_____ Print name and title of authorized bank official

_____ Signature of authorized bank official

A photocopy of this letter of credit amendment form may be used by your bank if it bears an ORIGINAL SIGNATURE AND SEAL and is otherwise filled out as an ORIGINAL document.

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Instructions to Obtain Certification Letter for Irrevocable Letter of Credit

Applicants and agents who submit an irrevocable letter of credit must also submit a certification letter from the bank issuing the letter of credit. This document should confirm that the bank official who signed the letter of credit is authorized to execute the letter of credit and affirm the authenticity of his or her signature on said letter of credit.

The certification letter should:

1. Be on bank letterhead.
2. State the **LEGAL** name of the entity for which the irrevocable letter of credit is being issued.
3. State the amount of the irrevocable letter of credit.
4. State the irrevocable letter of credit number.
5. Contain printed name and title and the **ORIGINAL** signature of a bank official certifying the authenticity and authority of the irrevocable letter of credit signatory.
6. A photocopy of this certification form may be used by your Bank if it bears both an **ORIGINAL** signature and raised bank seal and is otherwise filled out as an **ORIGINAL** document.



Certification Letter for an Irrevocable Letter of Credit

(BANK LETTERHEAD)

- Non-approved ARC Applicant
- Ownership Change
- Agency Legal Name Change
- Redesignation
- Replacement Letter of Credit

Re: _____
Full Legal or Corporate Name of Agency and DBA, if any

Date: ____/____/____

____ -- _____ -- ____
ARC Agency Code Number

_____ at the request of
Name of Bank

Full Legal or Corporate Name of Agency and DBA, if any; the legal name must be identical to the legal name on the application

has provided its irrevocable Letter of Credit, No. _____ which is attached

hereto in the amount of USD _____

(\$ _____) dated ____ / ____ / ____ in your favor.

This will certify that _____
Printed name and title of authorized bank official that signed the letter of credit

is authorized to provide and execute the attached Irrevocable Letter of Credit, that the signature appearing on said Letter of Credit is authentic, and that the bank has complied with all FDIC requirements and other applicable laws in connection with the issuance of such Letter of Credit.

Print name and title of certifying bank official

Signature of certifying bank official

Attachment: Letter of Credit No. _____

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