



Key criteria for both the Issuing Bank and the Travel Agency – Following these instructions will alleviate delays in processing your application. It is your responsibility as the applicant or agent to ensure that the Letter of Credit (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.

Acceptable Issuers

ARC will accept a letter of credit issued through any federally insured lending institution (FDIC OR NCUA) or, at ARC's discretion, a state chartered lending institution.

Two Acceptable formats for submission

In all instances, ARC must always have the original LOC in its possession.

1. Bank Prepared - 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 as shown on the attached template. The bank should utilize the language on the ARC template.

2. ARC LOC Form - The bank the applicant/agent selects may use the attached form 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.

LOC Form Fields Requiring Special Attention

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 an Independent Applicant with a pending application, request your bank 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 and V ownership change applicants subject to the requirements of Section IV.A. in Section 80 of the Industry Agent's Handbook.
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 LOC must contain the word "irrevocable" in reference to this specific LOC.
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.



Important information

Cancellation of LOC's

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, Cash Security Deposit 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.

Multiple Surety Instruments Not Allowed

An agent may **not** provide the required coverage through multiple LOCs, multiple bonds, or multiple Cash Security Deposits (CSD) or any combination thereof. The amount required of an agent between the minimum (\$10,000) and maximum (\$70,000) must be provided either with a single LOC, a single bond or a single CSD.

Certification Letter Required

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.

A photocopy of the certification letter shown within this document 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.

Future replacement of an existing LOC with a Bond, LOC or Cash Security Deposit (CSD)

BOND

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 (100) days from the effective date of the bond if there are no outstanding agent debts to ARC or to participating carriers.

LOC

When replacing an LOC with another LOC, ARC will return the old LOC to the issuing bank after acceptance of the new LOC by ARC upon written request from the owner, an officer or the bank.

CSD

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 upon written request from the owner, an officer or the bank.

For further detailed information on the Letter of Credit process, please see the ARC Industry Agent's Handbook, Section 30.8 <http://www.arccorp.com/forms/aas/inst308.pdf>



Irrevocable Letter of Credit

Full Name of Bank
Street Address
City State Zip Code
Telephone No. Date Agency Code Number (ACN)/Pending Number
Email Address

Airlines Reporting Corporation
3000 Wilson Blvd., Suite 300
Arlington, VA 22201

Re:
Enter full legal name of travel agency and DBA, if any;
the legal name must be identical to the legal name on the ARC application

IRREVOCABLE LOC NO.
City State

At the request of, we hereby
Full legal name of travel agency
establish our Irrevocable Letter of Credit in your favor and authorize you to draw on us to an aggregate the 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 - minimum 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 Department."

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.

Print name and title of authorized bank official

BANK SEAL

Signature of authorized bank official*

- Select box designating the reason for this LOC submission:
[] Non-approved ARC Applicant
[] Ownership Change
[] Name Change
[] Redesignation
[] Replacement Letter of Credit

*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.



Certification Letter - Irrevocable Letter of Credit

Certification Letter for an 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.

If not using this template please copy and paste the information below onto Bank Letterhead.

Date: _____ Agency Code Number or Pending Application Number _____

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

_____ 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 or NCUA requirements and other applicable laws in connection with the issuance of such Letter of Credit.

Print name and title of certifying bank official (cannot be the same individual as the certifying employee noted above)

Signature of certifying bank official

Attachment: Letter of Credit No. _____