



## Letter of Credit

Public agencies and businesses can provide your credit union with valuable sources of deposits. Those deposits often require supplemental collateral because the amounts exceed NCUA coverage. Corporate Central can provide a useful alternative to pledging securities to collateralize those deposits. A popular, valuable solution is to utilize a low-cost standby Letter of Credit (LOC) provided by Corporate Central. LOCs reduce the risk of non-paying members and help credit unions manage their cash flow. They are quick to secure and can generally be issued within 24 hours. To obtain an LOC a credit union must become a full member of Corporate Central.

### Who Can Use a Letter of Credit?

- Public Depositors
- Private Depositors
- Construction Zoning Boards and Utility Companies

### Key Benefits

1. Eliminates the need to monitor pledged securities collateral.
2. Collateralizes deposits using loan assets pledged to Corporate Central.
3. Reduces costs versus other forms of collateralization.
4. Attracts large public depositors.



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