

FAQs for Letters of Credit



 FHLBank Boston Online Banking

LETTERS OF CREDIT (LOCs)

What are the business hours to enter LOCs to be effective on any day other than same-day?

You can create LOC transactions up to 30 days in advance of the effective date between the hours of 8:30 a.m. and 5:00 p.m.

What are the business hours to enter LOCs to be effective same-day?

In all cases, FHLBank Boston (the “Bank”) will process same-day LOCs on a best efforts basis. If an LOC is initiated for a beneficiary that has been pre-approved by the Bank as an eligible public unit, it will appear on our **prepopulated list** in the Beneficiary field and can be submitted for same-day effectiveness up to 5:00 p.m., although we strongly recommend submission by 3:00 p.m. Transactions initiated but not approved by an authorized individual at your institution will be automatically rejected by the Bank at 5:00 p.m. and you will have to submit the request again on the following day.

If the beneficiary is not on our prepopulated list and the LOC is not approved/submitted by an authorized individual at your institution prior to 12:00 p.m., the transaction may not get processed for same day and will be automatically rejected at 3:00 p.m., requiring you to submit the request again the next day. Therefore, it is critical to have new beneficiary transactions created early to allow for review and processing. The prepopulated beneficiary list is updated as soon as new beneficiaries are approved.

How will LOCs be delivered to beneficiaries?

Members have the option to request *Email* or *Print & Mail* delivery to beneficiaries. However, please note that a valid email address is required for every beneficiary, regardless of delivery method.

Delivery Option to Beneficiary:

Email
 Print & Mail (\$25.00 fee)

Email: The LOC document will be sent directly to the contact you provide on the LOC Beneficiary field at no charge.

Print & Mail: The LOC document will be sent via overnight mail to the contact you provide on the LOC Beneficiary field with a \$25.00 charge applied to your IDEAL Way Account. If you request print and mail service, beneficiary documents for transactions approved after 3:00 p.m. will be sent on the following business day.

Will the Bank treat electronic LOCs differently than physical LOCs?

No, the Bank considers electronic documents relating to LOCs to be the equivalent of physical documents. The Bank will treat electronic LOCs and related electronic documents, such as draw requests submitted via electronic mail, as originals (unless such electronic document expressly indicates that it is a copy), and will honor that electronic document to the extent that it complies with the terms and conditions of the underlying LOC.

How will I know when an LOC has been delivered to beneficiaries?

The initiator will receive an email notification at each step of the LOC approval and issuance process, including a notification when the LOC has been submitted to the beneficiary. The Bank will notify the member contact if the beneficiary email is undeliverable.

How will I obtain a copy of the LOC after it has been issued?

Copies of LOCs will be available in the member’s reports section in Online Banking for 180 days from the creation date of the LOC. Members can download and save copies for future reference.

What types of LOC products can I initiate in Online Banking?

You may initiate Fixed Balance, Variable Balance, or Refundable Balance Public Unit Deposit LOCs in Online Banking. For all other LOCs, [click here](#) to locate the appropriate application form.

What is the maximum term for LOCs created using Online Banking?

You can create LOC transactions with a 10-year maximum term using Online Banking. If you require a longer-term transaction, please contact your relationship manager.

What is the Beneficiary Information type ahead feature?

When you create a transaction, the public unit may already exist in Bank records. Simply enter at least four characters in the Beneficiary field and select from the prepopulated drop list. In the example below, entering “city” made the public units appear in alphabetical order. In the second example, entering part of the city name narrowed results to limit the list.

Beneficiary Information

Beneficiary

City

- Barre **City** School District
- City of Auburn
- City of Augusta
- City of Barre
- City of Bath
- City of Biddeford
- City of Boston
- City of Brewer
- City of Buffalo
- City of Burlington

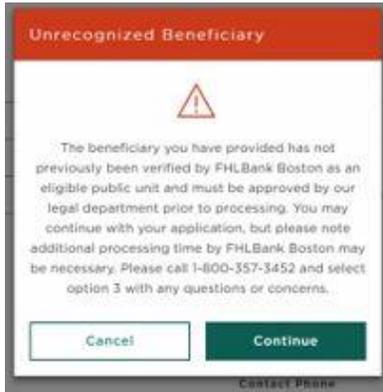
Beneficiary

haven

- East **Haven** School
- East **Haven** School District
- New **Haven** Town School District
- Town of East **Haven** School District
- Town of New **Haven**

What if the beneficiary isn't on the Bank's pre-approved Public Unit list?

Begin entering the name. The message below will appear, indicating the beneficiary has not previously been verified by the Bank. You may continue with the application, but additional processing time may be required. Our legal department will review the beneficiary to ensure the status of the public unit.



The beneficiary you have provided has not previously been verified by FHLBank Boston as an eligible public unit and must be approved by our legal department prior to processing. You may continue with your application, but please note additional processing time by FHLBank Boston may be necessary. Please call 1-800-357-3452 and select option 3 with any questions or concerns.

How do I check the status of my institution's LOCs?

Once you submit your LOC transaction, you can monitor the status via the View Letter of Credit List on the menu bar

Letters of Credit List

Pending Approval by Member	▼
In Process with FHLBank Boston	▼
Outstanding	▼
Rejected	▼
Closed	▼

- **Pending Approval by Member** – transactions that have been initiated by a user at your institution that are awaiting approval by an authorized approver at your institution.
- **In Process with FHLBank Boston** – transactions that have been approved by your institution but require review by Bank staff (e.g. Legal or Credit)
- **Outstanding** – approved, active LOC transactions
- **Rejected** – any initiated LOC that was rejected either by an authorized user at your institution or by the Bank
- **Closed** – matured LOCs

How will I be notified about transaction status?

All LOC initiators will receive email notifications regarding the status of transactions. Initiators can select an authorized approver to receive an email notification to approve transactions. From the create screen you will see the box pictured below. The drop-down menu will give you the list of approvers for your institution's LOCs.

Once you submit the transaction, the authorized approver will receive an email notification, prompting them to log in to Online Banking, navigate to the View Letter of Credit Transactions to review, and approve the Pending Approval by Member transaction.

A screenshot of a web form element. It features a label 'Approver Notification' with a small blue icon to its right. Below the label is a rectangular dropdown menu with a downward-pointing arrow on the right side. The menu is currently empty.**Am I required to enter member and beneficiary information for every LOC transaction?**

No. Once you submit an LOC and establish an initial transaction, that information will be saved in your institution's history. Simply type the first few letters of the field to see previous records that will be prepopulated for your member contact information and beneficiary contact information. This will save time and effort for future transactions with duplicate information.