



## Using an Irrevocable Letter of Credit to Show You can Meet the Deductible

The Letter of Credit must be written by a financial institution that has the authority to issue such letters of credit in Missouri. The specific wording to be use in the Letter of Credit is detailed below.

In basic terms, an Irrevocable Letter of Credit is a written promise by the bank to pay \$10,000, on behalf of the applicant, to the Missouri Petroleum Storage Tank Insurance Fund, in the event you make a claim to the Missouri Petroleum Storage Tank Insurance Fund. The \$10,000 would be loaned to you by the bank.

Fees may be charged by the financial institution for the Letter of Credit and may range from a fraction of a percentage to several percentage points of the face amount of the Letter of Credit.

The following text should be used, except the instructions in brackets are to be replaced by the relevant information and the brackets deleted:

### Sample Irrevocable Letter of Credit

*[Name and address of issuing financial institution]*

Missouri PSTIF  
PO Box 836  
Jefferson City, MO 65102

Dear sir or madam:

We hereby establish our Irrevocable Standby Letter of Credit No. \_\_\_\_\_ in your favor, at the request of and for the account of *[owner or operator name]* of *[address]* up to the aggregate amount of ten thousand United States dollars (\$10,000), available upon presentation of:

- A. Your sight draft, bearing reference to this Letter of Credit, No. \_\_\_\_\_, and
- B. Your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to the regulations issued under the authority of Sections 319.114, 319.129, and 319.131, RSMo."

This Letter of Credit may be drawn on to cover the first \$10,000 in costs for corrective actions required as a result of either sudden or non-sudden accidental releases arising from operating the petroleum storage tanks identified below in the amount of ten thousand dollars (\$10,000) per occurrence.

*[List the site registration number of each facility and name(s) and address(es) of the facility(ies) where the tanks are located, or, if you prefer, you may replace the words "identified blow" in the previous paragraph with the words "owned or operated by [owner or operator name];" in this case, you need not list each site.]*

This Letter of Credit is effective as of *[date]*, and shall expire on *[date]*, but such expiration date shall be automatically extended for a period of one year on *[expiration date]* and on each successive expiration date, unless at least one hundred twenty (120) days before the current expiration date, we notify *[owner or operator]* and the Missouri Petroleum Storage Tank Insurance Fund by certified mail that we have decided not to extend this Letter of Credit beyond the current expiration date. In the event that *[owner or operator]* and the Missouri Petroleum Storage Tank Insurance Fund are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for one hundred twenty (120) days after the date of receipt by *[owner or operator]*, as shown on the signed return receipt.

Whenever this Letter of Credit is drawn on under and in compliance with the terms of this Credit, we shall duly honor such draft upon presentation to us, and we shall deposit the amount of the draft into the Missouri Petroleum Storage Tank Insurance Fund on behalf of *[owner or operator]*, in accordance with your instructions.

*[Signature(s) and title(s) of official(s) of issuing institution]*

*[Date]*

This letter shall be governed by the Uniform Customs and Practice for Documentary credits, 1993 Revision, International Chamber of Commerce Publication No. 500 (UCP), or any later version or amendment.