



Commonwealth of Massachusetts
Division of Professional Licensure
Office of Private Occupational School Education
1000 Washington Street • Boston • Massachusetts • 02118

MEMORANDUM OF INSTRUCTION: IRREVOCABLE STANDBY LETTER OF CREDIT

TO: Commonwealth of Massachusetts Banking Institution
FROM: Office of Private School Education
RE: Letter of Credit (LOC)

The instructions below and the attached sample letter of credit are being provided to you by an entity that is either licensed or is applying for licensure as a private occupational school within the Commonwealth of Massachusetts. The entity is in the process of establishing a letter of credit to satisfy the indemnification requirement of Massachusetts General Laws Chapter 112, § 263(g).

In order for the irrevocable standby letter of credit (LOC) to be accepted by the Division of Professional Licensure (Division), it must meet the following criteria:

- 1) Be issued by a financial institution authorized by the Massachusetts Commissioner of Banks to operate a banking business within the Commonwealth (M.G.L. c. 140E, § 1 and c. 167, § 1).
- 2) Be in the amount designated by the Office of the State Auditor (OSA). Said amount shall be amended as determined by the OSA, which may occur annually.
- 3) Have a minimum term of one year, in accordance with the above statutes; and, at the bank's discretion, a maximum term of five years.
- 4) Be payable to the "Commonwealth of Massachusetts, Division of Professional Licensure" with the Commonwealth of Massachusetts, Division of Professional Licensure designated as beneficiary.
- 5) The following statement must be included: "This Irrevocable Standby Letter of Credit is deemed to be automatically extended and the date set forth in the immediately preceding paragraph shall be extended, without amendment for one (1) year from the expiration date or any future expiration date thereof, unless sixty (60) days prior to the then prevailing expiration date, we notify the Division in writing via certified mail, return receipt requested, that we elect not to renew the subject letter of credit for such additional period. Anything contained herein to the contrary notwithstanding this letter of credit will expire on [insert date up to five years from effective date]."

If you have any questions, or would like the Division to review a draft LOC prior to execution, please feel free to contact the Division at 617-727-5811. Please note that all correspondence regarding this LOC must be directed to:

MASSACHUSETTS DIVISION OF PROFESSIONAL LICENSURE
Office of Private Occupational School Education
1000 Washington Street, Suite 710
Boston, MA 021180-6100

((updated 3/30/2016))

