

FHLBank San Francisco Letters of Credit - A Solution for Collateralizing Public Unit Deposits

A Federal Home Loan Bank of San Francisco Letter of Credit guarantees the safe return of non-insured funds to Public Unit Depositors.

What is a Letter of Credit?

A Letter of Credit from FHLBank San Francisco is an Independent, irrevocable obligation of the Bank to make payment to the Beneficiary if the member financial institution does not perform its underlying obligation to the Beneficiary.

Why Use a Letter of Credit for a Public Unit Deposit (PUD)?

- Use LCs to secure public deposits in lieu of securities collateral and avoid collateral calls and market value fluctuations
- AAA rated by Moody's and AA+ by Standard & Poor's
- Collateralize public unit deposits that exceed the \$250,000 covered by FDIC
- Guarantee the safety of your deposits and obtain timely payout in the event of default
- Fixed face amount
- Fee is only 10 bps
- Low maintenance and simple documentation
- Online application and same day issuance if requested before 12 p.m. PST

Additional FHLBank San Francisco Letter of Credit Benefits

- Manage your funding costs
- Reduce your interest rate risk
- Lessen your operational risk

FHLBank San Francisco members can use our LCs for a range of other purposes, including:

- Facilitate residential housing finance and community lending
- Assist with Asset Liability Management
- Provide liquidity and other funds

About the Federal Home Loan Bank of San Francisco

The Federal Home Loan Bank of San Francisco helps local lenders in Arizona, California, and Nevada create opportunity and change lives for the better. The products, services, tools, and resources we provide to our member financial institutions promote homeownership, expand access to quality affordable housing, boost economic development, seed or sustain small businesses, and revitalize communities.

Because we are part of the Federal Home Loan Bank System – a network of 11 regional FHLBanks distributed across the country – we can raise funds in the global capital markets at favorable rates and terms. This enables us to provide our members with prompt, reliable access to low-cost loans (we call them “advances”) and a variety of financial risk management tools that help them meet the evolving housing finance and economic development credit needs of their customers and communities.

Questions? Contact your financial institution or call [FHLBank San Francisco's](#) Member Services Desk at 415-616-2500.