



Guidance Document

Letters of Credit for Reclamation for the State of Tennessee's Division of Radiological Health

Letters of Credit submitted in fulfillment of the requirements of Tennessee Rule 0400-20-10-.12(4) must meet the requirements in the checklist below.

Checklist

- The department must receive a signed original of the letter of credit.
- The letter of credit must use the language required by the regulations.
- The letter of credit must be in an amount at least equal to the total amount of financial assurance required.
- The institution issuing the letter of credit must be an entity which has the authority to issue letters of credit and whose letter of credit operations are regulated and examined by a Federal or State agency.
- The certificate and policy must be accompanied by a personal bond pledging the licensee's personal performance guarantee. For acceptable personal bond language, please contact the department.

NOTE: In lieu of a separate personal bond letter, the licensee may include the personal performance guarantee in the letter accompanying the letter of credit, as mentioned in the next item in this checklist.

- The letter of credit must be accompanied by a letter from the licensee referring to the letter of credit by number, issuing institution and date and providing the following information: The radioactive material license number, name and address of the facility, and the amount of funds assured for reclaiming of the facility by the letter of credit. This letter from the licensee may also contain his or her personal performance guarantee.

A note on foreign banks: In order to comply with Tennessee regulations, letters of credit issued by a foreign bank must be issued by a United States branch of that bank whose letter of credit operations are regulated and examined by a Federal or State agency. Letters of credit issued directly by a bank branch based in a foreign country do not meet this criterion and cannot be used.

A note on amendments to letters of credit: When making adjustments to the amount of a letter of credit, the bank will usually send an amendment referencing the original letter of credit number and indicating the new amount rather than sending a completely new letter of credit. This is acceptable. In these cases, we will review the amendment for the following:

- The amendment should reference the correct original letter of credit number.
- The amendment must be a signed original.
- The amendment should indicate clearly that all other terms and conditions of the original letter of credit remain unchanged.

Note: This checklist is provided only as a convenience in order to address some of the more common issues that we encounter when reviewing financial instruments. It is not intended as a complete representation of all applicable regulatory requirements. Please consult with your legal counsel and the TDEC Division of Financial Responsibility before submitting a financial instrument.