

---

## creditone bank credit card letter of credit

Posted by Peter Neenan - 2008/05/03 06:57

---

How does one go about getting a letter of credit? Is this an instrument that is still used? Or, is a credit card essentially the same thing? Thanks, PN

=====

## creditone bank credit card letter of credit

Posted by Curtis CCR - 2008/05/03 06:57

---

How does one go about getting a letter of credit? Is this an instrument that is still used? Or, is a credit card essentially the same thing? A letter of credit is guarantee of your creditworthiness by a third party, usually a bank or other financial institution. As opposed to a loan, and LOC is more like a bond or insurance policy. When you buy something with a credit card, the card issuer forks out the money to pay for your purchases and then bills you - it's a revolving loan. In that case the bank is putting the money out and collecting from you. LOCs are basically a guarantee from your bank to a someone else that you are good for money, even though they may not be loaning it to you. How you go about getting one may depend on what kind you need. Do you need it with a credit line or loan? Do you need an international letter of credit? How much are willing to pay for it (You might get a free LOC with a financing package, but if you just need it by itself, the entity writing it will likely charge you a fee - usually based on points, or a percentage of the guaranteed amount). I don't know if I am explaining this correctly. I know what LOCs are, but my wife is banker specializing in community development. She works on financing packages that often include LOCs for millions of \$\$\$\$. She is not a usenet fancier, so I doubt she will be interested in posting herself - but I will ask her tonight if I have explained it correctly.

=====

## creditone bank credit card letter of credit

Posted by Peter Neenan - 2008/05/03 06:57

---

that is still used? Or, is a credit card essentially the same thing? A letter of credit is guarantee of your creditworthiness by a third party, usually a bank or other financial institution. As opposed to a loan, and LOC is more like a bond or insurance policy. When you buy something with a credit card, the card issuer forks out the money to pay for your purchases and then bills you - it's a revolving loan. In that case the bank is putting the money out and collecting from you. LOCs are basically a guarantee from your bank to a someone else that you are good for money, even though they may not be loaning it to you. How you go about getting one may depend on what kind you need. Do you need it with a credit line or loan? Do you need an international letter of credit? How much are willing to pay for it (You might get a free LOC with a financing package, but if you just need it by itself, the entity writing it will likely charge you a fee - usually based on points, or a percentage of the guaranteed amount). I don't know if I am explaining this correctly. I know what LOCs are, but my wife is banker specializing in community development. She works on financing packages that often include LOCs for millions of \$\$\$\$. She is not a usenet fancier, so I doubt she will be interested in posting herself - but I will ask her tonight if I have explained it correctly.

=====

## creditone bank credit card letter of credit

Posted by Barry Gold - 2008/05/03 06:57

---

How does one go about getting a letter of credit? Is this an instrument that is still used? Or, is a credit card essentially the same thing? A letter of credit is a statement by a bank that they will pay the amount you specify (up to the limit in the letter) to whoever you designate (your order). The only thing the payee has to verify is that your signature is valid. A letter of credit is one of the three types of negotiable instrument. The other two are drafts (checks) and promissory notes. The useful thing about negotiable instruments in commerce is that a third party (e.g., a check cashing store) doesn't have to worry about any disputes that may exist between you and the payee. All they have to do is verify that the person presenting the N.I. is in fact the person designated

=====