

## What Good Looks Like Guide – Letter of Credit & Performance Bond

Version 1, as of August 6, 2026

**Purpose of ‘What Good Looks Like’ Guides:** This guide is intended to assist grantees in understanding document requirements and preparing complete, review-ready submissions. It includes practical considerations and illustrative examples of the submission.

*Note: What Good Looks Like Guides do not replace Illinois Office of Broadband (IOB) guidance documents, templates or other formal program requirements; grantees may use these guides as practical aids alongside the formal requirements.*

**About Letter of Credit and Performance Bond:** The Broadband Equity, Access, and Deployment (BEAD) Program requires grantees to submit a letter from a bank which meets eligibility requirements consistent with those set forth in [47 CFR 54.804\(c\)\(2\)](#) committing to issue an irrevocable standby Letter of Credit (LoC) to the grantee. Grantees also can provide alternatives to a LoC, such as evidence of a performance bond. Guidance documents and templates for this submission are available on [IOB’s BEAD Grantee Resource Hub](#).

### This document contains:

- [Document Acceptance Criteria](#)
- [Best Practices/Tips](#)
- [Common Mistakes](#)
- [Examples](#)

### Document Acceptance Criteria

This guidance applies to both the Letter of Credit (LoC) and the Performance Bond (PB). The document may vary in how it is set up, in font, or in other non-essential options based on the financial institution’s preferences. However, documents must comply with the IOB’s Letter of Credit [Guidance Document](#), and contain the following:

- ☐ Financial Institution’s name, address, and phone number.
- ☐ Grantee’s name and address.
- ☐ Indicate the length of the LoC or PB.
- ☐ The amount and percentage of the Loc or PB.
- ☐ A statement indicating the agreement is non-revokable.



## Characteristics of an Acceptable Document:

- The financial institution is accredited and eligible by [2 CFR 200](#) requirements.
- Confirmation the correct legal entity (grantee) is the responsible party.
- The duration of the LoC or PB should be twelve (12) months.
- Grantees using the LoC may opt to cover 10% or 25% of the of the grant award amount; a PB must cover 100% of the of the grant award amount.
- It contains a clear statement indicating the agreement cannot be revoked without consent of all three parties (Financial institution, Grantor, and Grantee).

## Best Practices/Tips

Considerations for grantees to help prepare complete, review-ready submissions and maintain appropriate supporting documentation:

- The LoC must be submitted prior to entering a grant agreement. Submitting earlier in the process may reduce the steps that potentially delay finalizing the grant.
- The PB must be submitted 60 days following the date of grant execution. The IOB recommends grantees begin the preliminary work of arranging the bond prior to this time.
- Costs to the grantee will vary based on whether the LoC or PB option is selected. Consider projecting the costs across the length of the grant and decide accordingly.

## Common Mistakes

The LoC and PB documents are established by the grantee's financial institution, thus likely contain the information needed. However, it is still essential to confirm that the documents contain all required items.

Some examples of items that may be overlooked include:

- Not confirming that the financial institution is accredited and eligible per <https://www.ecfr.gov/current/title-12/chapter-VI/subchapter-B/part-614/subpart-Q/section-614.4720> requirements
- Failure to review LOC/PB prior to submission and ensure all items listed above appear
- Failure to obtain documentation within the required timeframe (LOC must be provided to the IOB prior to grant agreement execution; PB must be provided within 60 days of grant agreement execution)

## Examples

The documents below illustrate what an acceptable Letter of Credit and Performance Bond (respectively) will look like. Note the required information included in each document:

- Financial Institution's name, address, and phone number
- Grantee's name and address
- Indicate the length of the LoC or PB
- The amount and percentage of the LoC or PB
- A statement indicating the agreement is non-revokable

## Example Letter of Credit



# BANKER'S BANK

456 FINANCIAL BOULEVARD  
CHICAGO, IL 60601

## 1 STANDBY LETTER OF CREDIT

### IRREVOCABLE STANDBY LETTER OF CREDIT TPL46290MC

December 1, 2026

Beneficiary:  
State of Illinois  
Department of Commerce and Economic Opportunity  
Office of Broadband  
1020 Spring St  
Springfield, IL 62704

2 Applicant:  
Reliable Internet for Everyone  
123 Electric Avenue  
Forgottonia, IL 62020

4 Amount: USD \$10,000,000.00

5 We hereby establish our Irrevocable Standby Letter of Credit TPL46290MC in your favor and authorize you to draw on us, for the account of Reliable Internet for Everyone up to an aggregate amount of \$10,000,000.00.

In accordance with the Infrastructure Investment and Jobs Act of 2021, this Letter of Credit is issued in connection with the Connect IL Round 4 BEAD project.

Payment under this Letter of Credit is available by your draft at sight, drawn on  
Banker's Bank  
456 Financial Boulevard  
Chicago, IL 60601

to be accompanied by original beneficiary's statement purportedly signed by an authorized representative of the State of Illinois, Department of Commerce and Economic Opportunity, certifying that:

*"Applicant has failed to complete proposed work in a manner sufficiently consistent with the approved plan, and the amount drawn is required to complete the unfinished or unsatisfactory work."*

Partial drawings are allowed.

This Standby Letter of Credit sets forth in full the terms of our undertaking which shall not in any way be modified, amended, amplified or limited by reference to any document, instrument, or agreement, whether or not referred to herein.

This original Standby Letter of Credit must be submitted to us together with any drawings hereunder for our endorsement of any payments effected by us and/or for cancellation.



# BANKER'S BANK

456 FINANCIAL BOULEVARD  
CHICAGO, IL 60601

All drafts must be marked "Drawn Under Banker's Bank, 456 Financial Boulevard, Chicago, IL 60601 TPL46290MC."

3 This Letter of Credit shall be deemed automatically extended without amendment for one year from the expiration date hereof or any future expiration date unless at least sixty (60) days prior to any expiration date, we notify beneficiary in writing by certified mail or overnight courier service that we elect not to renew this Letter of Credit for such additional one-year period.

We agree with you to pay drafts drawn under and in compliance with the terms of this credit presented at our Banker's Bank office together with this Standby Letter of Credit and documents specified on or before the close of our business on December 1, 2027.

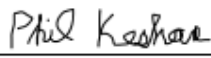
This credit is subject to the international standby practices (ISP98), International Chamber of Commerce publication No. 590, or any subsequent revision thereto.

Negotiation is restricted to [Name of bank and address of where draft can be taken].

Sincerely,  
Banker's Bank



Authorized Signature

Accepted By: 

Authorized Representative of the State of Illinois,  
Department of Commerce and Economic Opportunity

## Sample Surety Bond

### PERFORMANCE BOND

1 **Topnotch Insurance Mutual**

789 Street Ave  
Springfield, IL 62701

BOND NUMBER: B2658690085

KNOW ALL MEN BY THESE PRESENTS:

2 That we Reliable Internet for Everyone 456 Financial Boulevard, Chicago, IL 62601

(Insert full name and address or legal title of Principal)

As Principal (hereinafter called Principal), and Example Insurance Company, a corporation organized and existing under the laws of the State of Illinois as Surety, (hereinafter called Surety), are held and firmly bound unto State of Illinois, Dept of Commerce and Economic Opportunity

(Insert full name and address or legal title of Obligor)

4 As Obligor, (hereinafter called Obligor), in the amount of Dollars (\$ 1,000,000,000.00 ) for the payment whereof Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has by written agreement dated December 1, 2026

entered into a contract with Obligor for Connect Illinois Rd 4 BEAD

Which contract is by reference made a part hereof, and is hereinafter referred to as the Contract.

3 NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if Principal shall promptly and faithfully perform said Contract, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

Whenever Principal shall be, and declared by Obligor to be in default under the Contract, the Obligor having performed Obligor's obligations thereunder, the Surety may promptly remedy the default, or shall promptly complete the Contract in accordance with its terms and conditions.

5 This bond is non-revokable without agreement from all parties. Any suit under this bond must be instituted before the expiration of one (1) year from the date on which final payment under the Contract falls due.

No right of action shall accrue on this bond to or for the use of any person or corporation other than the obligor named herein or the heirs, executors, administrators, or successors of the Obligor.

Signed and sealed this 1st day of December, 2026

Biff Roman

Principal

Kelley McGillis

Witness

Henry Hill

Witness

By: Dean Winter (SEAL)

Example Insurance Company

By: Matt Murdoch (SEAL)

Attorney-in-Fact