



In Brief

Lending at Alloya Corporate

Alloya Corporate FCU's loan and Line of Credit services have been designed with a focus on meeting specific funding needs. Rates are very favorable to credit unions and the application process is simple and streamlined.

How does the lending program work?

The Advised Line of Credit offered by Alloya is a primary liquidity source intended to help member credit unions with expected or unexpected short-term funding needs. Over the last 12 months, more than half of your fellow Alloya member credit union peers accessed their lines of credit at least once. The majority of these line advances happened automatically to cover overdrafts in operating accounts, with the others initiated by members with an expected liquidity need.

What about term lending?

Alloya's Advised Line of Credit also provides for the ability to borrow on a term basis. While Alloya provides term lending up to 10 years and has allocated a portion of the balance sheet to member term lending, new regulations restrict our ability to provide term loans and investments to an average life of two years. Please contact us to discuss your credit union's needs; a variety of term products is available.

What other lending solutions are offered by Alloya?

In addition to the Advised Line of Credit, Alloya offers a Supplemental Line of Credit, letters of credit, the Sallie Mae Smart Option student loan program and business services, consulting and commercial loan participations through CU Business Group, LLC.

Does Alloya charge fees for the Advised Line of Credit?

Capitalized members of Alloya pay no transaction fees, no origination fee, no annual fee and no fee of any kind to maintain or use their Advised Line of Credit. The Supplemental Line of Credit requires an annual credit review fee.

How can I be confident the line is there for my credit union when we need it?

As a primary liquidity provider for members, Alloya lends based on its own liquidity. Under the organization's new business plan and enhanced regulatory requirements, Alloya plans on holding a much larger percentage of cash than past models. Alloya will also be investing in a much higher percentage of Agency securities. These securities can be converted to cash or can easily be borrowed against under repurchase agreements.

Not every member has the same liquidity needs and not every member borrows on the same day. Utilizing historical usage and stress testing these results, Alloya maintains it is very well positioned to provide members with liquidity using their Advised Line of Credit. As an example, members could require 12 times the historical high daily overnight loan balances, or 81 times the average daily use, before Alloya would need to utilize its ability to borrow in the repo market.

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What rates does Alloya charge?

Alloya offers among the most competitive rates in the market. The Alloya model positions the corporate very well to offer these rates compared to alternatives, especially when considering the all-in cost of borrowing.

Why Alloya?

The model developed at Alloya aligns each member credit union's use of the corporate with the capital it contributes. Alloya provides 50 times each member's capital contribution in an Advised Line of Credit, with your capital contribution based on your credit union's settlement activity. If you need a larger line, Alloya can provide it based on a larger capital contribution or via the Supplemental Line of Credit. This flexibility allows each member to determine the Line of Credit amount that best suits their needs (subject to credit review). It also allows Alloya to better utilize its own balance sheet to provide liquidity to members who have capitalized.

Alloya's stronger liquidity position under this model enables the corporate to continue to provide the uninterrupted liquidity members have come to expect. With very competitive terms and unmatched flexibility, the corporate is many members' first choice for lending solutions. Our lending staff is highly trained in all aspects of the program and provides best-in-industry experience and advice on lending issues.

Learn More

Contact your Senior Business Consultant for answers to your questions or to discuss further. If you are not currently a member, please email solutions@alloyacorp.org to be connected with a team member.