

# Benefits

## About the Supplemental Line of Credit

The Supplemental Line of Credit allows capitalized members of Alloya to increase their existing Advised Line of Credit without contributing additional capital. It is a flexible solution, enabling members to position their liquidity to meet seasonal cycles and fluctuating business demands throughout the year.

Members seeking to increase their line by utilizing the Supplemental Line of Credit (LOC) pay an annual credit review fee of 0.15%. Members can increase their line to suit their needs (within legal lending limits and subject to credit approval).

### ▲ Availability

The Supplemental LOC is available to members who have contributed at least the minimum required capital amount (as per Alloya's private placement memorandum/PPM), or the minimum required based on the scheduled reassessment of capital contributions (related to settlement activity). Members must credit qualify for additional availability. Credit unions with an impaired credit profile will not qualify for additional availability.

### ▲ Purposes

- ✓ To assist with liquidity planning.
- ✓ To provide an alternative to contributing additional capital to increase existing LOC
- ✓ To provide additional term-loan availability
- ✓ To allow for term loan use and to still be covered for settlement

Terms	Details
Interest Rate	Same as the Primary Advised Line of Credit
Fee	0.15% annual credit review fee. Renews annually. (Banks typically charge a 1% origination fee and 0.25%-1% unused fee per year. Availability through banks is rare.)
Collateral	In most cases, no additional collateral needs to be pledged. However, special circumstances may require collateral to be pledged to secure the additional line.
Usage	The Supplemental LOC can be accessed once the Primary line is at full capacity, for either settlement or term loans less than one year in duration. Example: A credit union with a \$1MM Primary line and a \$1MM Supplemental line, with settlement of \$1.5MM will automatically be covered by a \$1.5MM line advance. The same credit union could have a \$1MM term loan on its Primary line for five years and still be covered for settlement loans up to another \$1MM through the Supplemental Line.
Documentation	The one-page Addendum C to the existing line of credit agreement must be executed. Any authorized signers may execute it; board action is not required (unless internal credit union policy requires it). Must have a current Alloya line agreement on file.
5300 Reporting	Credit unions should report the total of their capital-based line and supplemental line.
Audit Confirmations	Alloya will report the total availability.

### Learn More

Contact your Senior Business Consultant for more details or email [solutions@alloycorp.org](mailto:solutions@alloycorp.org). Or, contact the Lending Department directly at (800) 253-0053 ext. 3808.