

# Benefits

## About the Term Lending Program

Address immediate or ongoing needs, manage cyclical liquidity crunches, and leverage funding to support strategic initiatives. Alloya offers numerous lending products to meet the diverse funding needs of credit unions. Choose from numerous fixed- and floating-rate solutions that feature competitive rates and minimal or no fees.

## Advantages of Alloya's Term Lending Solutions

- **Save Money.** Rates are cost-effective, among the most competitive on the market.
- **Peace of Mind.** Obtain funding efficiently, with member support and without the hassles.
- **Save Time.** The straightforward application streamlines the processes, and reduces the burden on applicants.
- **Keep It Simple.** Compensating balances are not required.

### ▲ Demand Loan (aka Settlement Loan)

The Demand Loan, Alloya's most flexible product, is typically used for overdraft protection. When a credit union's account lacks the funds for overnight settlement, a Demand Loan can be used to cover the shortfall.

- ✓ Maturity: One year
- ✓ Automatic advances or manual transfers via Premier View (Alloya's online account system)
- ✓ Payments: Frequency is determined by the credit union; at least one payment is required in a one-year period.

### ▲ Fixed-Rate Loan

The Fixed-Rate Loan offers reliable funding for a fixed period of time. The loan can be customized by amount and maturity, and features a fixed-rate.

- ✓ Maturity: Standard one week-10 years; Short-Term: 1-6 days (self-advance via Premier View. See [tutorial](#)).
- ✓ Payments: Monthly interest, ballon payment at maturity. Subject to a prepayment penalty.

### ▲ Amortizing Fixed-Rate Loan

The Amortizing Fixed-Rate Loan is a term loan that requires principal and interest payments.

- ✓ Maturity: One year-10 years.
- ✓ Payments: Monthly unless specified otherwise. Subject to prepayment penalty.

### ▲ Variable-Rate Loan (Floating, Capped)

The Floating-Rate and Capped-Rate Loans are term loans with a rate that adjusts on a day-to-day basis. These loans are tied to a pricing index (usually LIBOR) with a built-in spread.

- ✓ Maturity: One year-10 years.
- ✓ Capping: Optional feature (adjustable rate cannot exceed a maximum percentage)
- ✓ Payments: Typically monthly? Can amounts vary? Subject to a prepayment penalty

## Learn More

Contact your Senior Business Consultant for more details and an overview of the set-up process. If you are not currently a member, please email [solutions@alloyacorp.org](mailto:solutions@alloyacorp.org) to be connected with a team member.