

FAQs – Requesting an Advance from the CLF

What are the rules for borrowing in terms of utilizing other primary sources of funding before turning to the CLF? Does my credit union need to maximize our Alloya Advised Line of Credit first?

Alloya members will not need to maximize their Alloya Line of Credit first; however, please contact Alloya’s Lending Department at lendingdepartment@alloyacorp.org before borrowing from the CLF.

What is the borrowing limit?

Typically, there is no set borrowing limit aside from the credit union’s borrowing authority. Your credit union’s upper bound limit is determined by your borrowing authority, your liquidity needs and the collateral to support the loan.

What are the terms of the loan (i.e., rate, tenor)?

90-day maximum for a non-seasonal loan. If liquidity is still needed, there is an option to rollover.

What is the timeframe for loan advance approval, and for the actual funding of the loan?

Up to 5 business days. If it’s urgent, Alloya can provide a bridge loan for interim liquidity until the CLF funding is provided.

What is the funding cost for the CLF based on?

Per the Regular Member Circular: *“To fund an advance, the Facility may either borrow from any source or lend from its own readily available liquidity. All advances by the Facility to a Regular member will reflect a loan rate based on the Facility’s costs. For example, loan rates from the FFB to CLF are presently based upon the current average market yield on outstanding obligations of the United States with remaining time to maturity of such loan. The FFB obtains its rate from the U.S. Treasury. The shortest Treasury maturity used by Treasury for pricing loans is the most recently auctioned 13-week Treasury (91 day T-Bills). Other sources of funds may be utilized by CLF and could result in a rate substantially different than the standard FFB arrangement.”*

What is the maximum term? If after the standard 90-day loan matures, can my credit union roll the loan over? Or do I need to resubmit a request for advance?

90 days for a non-seasonal loan if the CLF has no other credit concerns. Potentially shorter if there are other credit concerns. If you want to roll the loan over, you do not need to resubmit the request.

Can my credit union prepay the loan, or is there a penalty?

Yes, you can prepay the loan, but there may be a penalty. Refer to the **Operating Circular** to determine what penalties may be incurred.

Questions?

Please contact Alloya Corporate FCU’s Lending Department at (800) 782-2431, option 3 or **lendingdepartment@alloyacorp.org**