

Loan Sweep Account

A Loan Sweep Account links your business checking account and revolving line of credit to work to your benefit. With a Loan Sweep account, advances to your checking account to cover overdrafts and/or transfers to your line of credit to pay down balances, are automatic.

How does Loan Sweep work?

Together, you and your banker determine a target balance for your business checking account. The target balance may be set to the amount needed to offset service charges or to zero. When your account balance falls below the target balance, the exact dollar amount is advanced from your revolving line of credit, to bring the balance back to your target balance. When your account balance exceeds the target balance, the excess money is swept to your line of credit to pay down the balance on it. A sub-account, such as payroll account or an Investment* Sweep Account, can also be tied to your checking account. If funds are available in the Investment Sweep account, they will transfer to your checking account before any advance is made from your loan.

Who can use it?

- Businesses with revolving lines of credit

Features:

- Automatic advances via sweep
- Advance amounts are accurate to the penny
- Ability to link sub-accounts
- Ability to link Investment* Sweep

Benefits:

- Ease and Convenience—funds are automatically transferred from your line of credit to your checking account when balances are below the target; when balances exceed the target, a payment is automatically made to the line of credit
- Cost Savings—you borrow and pay interest on only the amount required to bring your checking account to its target balance
- Complete Overdraft Protection—you protect all your business checking accounts from overdrafts
- Interest Minimization—excess funds are swept first into the line of credit to minimize the interest you pay; if your loan balance is zero, funds sweep to your investment account, and similarly, money swept to your checking account is drawn first from the investment account and second from the line of credit to minimize interest expense

*Not a deposit • Not FDIC insured • Not insured by any federal government agency • Not guaranteed by the bank (or savings association) • May go down in value