

STIFEL

STIFEL BANK & TRUST

PLEDGED ASSET

LENDING



UNDERSTANDING THE STIFEL PLEDGED ASSET LOAN

→ What is it?

The Stifel Pledged Asset (SPA) Loan is a Pledged Securities Line of Credit, which **keeps your assets in place while providing you access to the equity within those assets as cash**. You select what securities or investment vehicles to include in the account. The amount of cash you can access is based on the value and types of marketable securities placed in the account.

Together with your Stifel Financial Advisor, Stifel Bank & Trust will perform a complete portfolio analysis and report on the cash access obtainable within your portfolio. Your account review can be based on anticipated cash flow needs, in which we determine the amount of pledged assets required to help meet your goals. Or, we can review the value of your qualified securities and determine the overall cash access you could obtain with a SPA Loan.

Most marketable securities qualify as premium collateral with **access of up to 50-70% of the equity**. For example, with a portfolio worth \$1,000,000 in regular stocks and bonds, you can generally access \$650,000 as cash in a SPA Loan.

The investment vehicles in your Stifel investment accounts represent the collateral for the loan. You have full access to conduct normal transactions with those investments. You will still have the freedom to buy, sell, trade, and receive dividends and all of the other typical benefits of your securities. As a SPA borrower, you will be required to keep a specified level of assets in the account to maintain liquidity.



Our clients have been over the moon with the **ease of using Stifel's lending services**. The Stifel Bank & Trust securities-based lines of credit provide a **quick and simple solution for funding cash needs**. As an advisor, this is one more service we can provide our clients that they may not be able to access on their own.”

Holly M. Baroway, CFP®, MBA

Managing Director/Investments, Denver, Colorado



Helping You Balance
Today's Needs with
Tomorrow's Goals



USING YOUR LIQUIDITY

Whether you want to buy a boat to travel the world or take advantage of a business opportunity in your own back yard, **your SPA Loan can help make it happen.**

The SPA Loan is designed with **flexibility to help meet your needs.** Cash can be accessed easily and quickly via Fed Funds Wires sent free of charge to any outside bank account. Whether you want everything at once for a major purchase or prefer to access funds incrementally, your SPA Loan is there to suit your individual requirements.

What are some common uses of a SPA Loan?



Rainy-Day Liquidity

There is no cost to open a SPA Loan. With that in mind, clients often use this as rainy-day liquidity should major purchases, unexpected expenses, or other cash-flow needs arise. Using a SPA Loan for liquidity helps you keep your savings cash and investment strategies in place.



Home Buying and Renovation

Many clients use securities-based loans to present real estate contracts as a “cash buyer” and then secure a permanent mortgage after closing. Other real estate uses include funding home building or renovation and managing the purchase and construction of commercial or investment properties.



Business Liquidity

Whether you are starting a new business venture or leveling up, liquidity is an important tool in managing a company. Securities-based loans may be used to invest in a business startup, expansion, or acquisition.



Major Purchases and Expenses

They said “Yes,” and now the wedding planning has begun. You found the perfect boat, artwork, or another vintage car to add to your collection. It’s your 25th anniversary trip, and you want to bring the whole family. Whatever your life story is, a securities-based loan provides the liquidity so you may focus on making memories.



Managing Debt and Tax Liabilities

SPA Loans are one of the lowest-cost forms of lending available. Clients use liquidity to pay off higher-interest rate debt; from credit cards to business loans or other credit obligations, with lower carrying costs. SPA Loans are an easy way to handle tax payments or smooth out quarterly cash flow.



Bridge Loans

Sometimes clients need their new one in place before selling their current one – a house, a boat, a car, a business. Whatever it may be, a SPA Loan can be used as short-term, low-cost funding to bridge the gap between making a purchase today and then selling down the road.



Our team strives to deliver clients the best possible service and solutions to access liquidity, collaboratively with your Stifel Financial Advisor, while keeping your financial strategies intact.

Individual, Joint, Trust, and Corporate Accounts

A SPA Loan can be initiated for business or personal needs. In addition, the loan can be titled in the name of clients, their trust, or their corporation. Typically, the SPA Loan is **titled in the same manner as your Stifel investment account.**

With an individual or joint account, limited paperwork is required – **a completed SPA Loan Application is typically all we need.** Money can be made available to individual and joint account holders within a couple of days of the completed application. Opening **a SPA Loan for trusts and corporate clients is generally more comprehensive,** requiring more documentation and time. That being said, the SPA team works diligently to accommodate the needs of each client.

Collateral Requirements

If the value of your account falls below a specified amount, generally within 20-25% above the cash accessed, you will be required to balance the account by depositing cash or adding qualified collateral. If the collateral call is not met, **Stifel Bank & Trust will work with you and your Stifel Financial Advisor to facilitate a solution.** Stifel Bank & Trust has the right to sell your assets, if needed, to cover the loan.

SPA LOAN **DETAILS**

Loan Type

This is an open-ended demand note, meaning there is no set term of the loan, minimum \$100,000 line.

Pledging Securities

The value of the securities pledged to your SPA Loan determines the amount of cash you can access. Most marketable securities garner an advance rate of 50-70%. Some financial products are not eligible for pledging, including qualified plans like Individual Retirement Accounts (IRAs), shares of Stifel Financial Corp. (SF) stock, most options, and some high-risk stocks.

Use of Funds

A SPA Loan is specifically a non-purpose loan, meaning the funds cannot be used to purchase, carry, or trade securities or pay margin debt. Money can be used to invest in a business, assist with debt management, make major purchases, or other ways that meet your liquidity needs.

Starting Out

The SPA team will work with you to get your SPA Loan started. Funds from personal accounts can be made available in as little as 48 hours after a complete application is received. SPA Loans titled to a business or trust typically take a bit longer.

Interest Rate

Your SPA Loan rate is determined by the value of the collateral pledged; the more collateral you pledge, the lower your interest rate, regardless of the amount drawn. Rates are variable, based on CME One-Month Term SOFR. Please review the rate schedule in your SPA Loan Application packet.

Accessing Funds

Money is transferred upon request via Fed Funds Wire from your SPA Loan to a domestic bank account, as long as the collateral value permits. The minimum draw request is \$2,500 and there is no minimum initial draw requirement.

No Fees

There are no costs for opening a SPA Loan and no fees for accessing your funds.

Payments

Loan payments are interest only and due monthly. Interest can be rolled into the loan as long as the collateral value permits.

Have Questions?



If you would like more information on how a SPA Loan can help you pursue your long-term goals, please contact your Stifel Financial Advisor, or visit www.bankwithstifel.com.

PLEDGED ASSET LENDING

Stifel's banking and lending services are provided by Stifel Bank, Member FDIC, and Stifel Bank & Trust, Member FDIC, Equal Housing Lender, NMLS# 375103 (collectively, "Stifel Banks"). Stifel Banks are affiliated with Stifel, Nicolaus & Company, Incorporated, Member SIPC & NYSE, each a wholly owned subsidiary of Stifel Financial Corp. Unless otherwise specified, references to "Stifel" may mean Stifel, Nicolaus & Company, Incorporated or its affiliates.

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Understanding the potential risks of a Stifel Pledged Asset (SPA) Line of Credit

Speak with your Financial Advisor about your risk tolerance level, market fluctuations, and specifically the potential risks associated with a SPA Line of Credit.

Securities-based lines of credit involve risk and are not appropriate for all borrowers. The SPA Line of Credit is a full recourse, demand loan using the assets in a brokerage account as collateral and can be called at any time. An increase in interest rates will affect the overall cost of borrowing. The return on your securities must be higher than your financing cost in order for you to generate a positive return in your securities account. The market value of your securities may decline, which may result in the value of that collateral no longer covering the outstanding loan amount. In either event, the borrower may be required to post additional collateral and/or repay part or all of any outstanding loan, and Stifel Bank & Trust may call the loan and sell or force the sale of the assets in the collateral account, or any other collateral, without contacting the borrower. The borrower can lose more assets than the borrower is required to deposit in the collateral account. The borrower is responsible for satisfying any amount not covered by the collateral.

Stifel Bank & Trust can increase its collateral maintenance requirements at any time. Stifel Bank & Trust may, in its sole and absolute discretion, demand full or partial payment of the SPA Line of Credit at any time, without notice to cover the loan balance and any interest. The borrower is not entitled to an extension of time to meet a collateral maintenance call.

If pledged securities need to be sold, they may be sold without notice, the borrower may not be offered a chance to deposit cash or additional collateral, and the borrower may not be able to pick which securities will be sold, which can interrupt the borrower's long-term investment strategy. If pledged securities are sold, this could trigger an unfavorable taxable event for the borrower. Neither Stifel Bank & Trust nor our affiliates provide tax or legal advice. Borrower should consult with a tax professional.

The borrower is entitled to draw against their SPA Line of Credit only if loan terms and collateral requirements are met and the draw request is approved by Stifel Bank & Trust.

There may be alternative ways of borrowing funds that are less expensive and involve less risk. Your Financial Advisor may receive compensation for balances on SPA loans. Your Financial Advisor benefits when the borrower uses the available balance on his or her loan to meet liquidity needs in lieu of selling securities or other investments.

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