



# Stifel Pledged Asset Lending

*Balancing Today's Needs With Tomorrow's Goals*

STIFEL

STIFEL BANK & TRUST

### 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 Stifel 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 Stifel 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.

### Using Your Liquidity

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

The Stifel 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 Stifel SPA Loan is there to suit your individual requirements.

### Individual, Joint, Trust, and Corporate Accounts

A Stifel 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 Stifel 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 Stifel 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 Stifel SPA Loan for trusts and corporate clients is generally more comprehensive, requiring more documentation and time. That being said, the Stifel 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.

## Stifel SPA Loan Details

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### **Loan Type**

This is an open-ended demand note, meaning there is no set term of the loan.

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### **Pledging Securities**

The value of the securities pledged to your Stifel 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.

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### **Use of Funds**

A Stifel 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.

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### **Starting Out**

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

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### **Interest Rate**

Your Stifel 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 Stifel SPA Loan Application packet.

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### **Accessing Funds**

The minimum initial draw is \$60,000, but after that you can draw funds of \$1,000 or more at any time, as long as the collateral value permits. Money is transferred on demand via Fed Funds Wire from your Stifel SPA Loan to any Bank account in the U.S. Stifel SPA Loan checks are available upon request.

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### **No Fees**

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

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### **Payments**

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

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

#### 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 Stifel Pledged Asset (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 an 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 legal or tax advice. Borrowers should consult with their legal and tax advisors.

Borrowers are 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.

Stifel's banking and lending services are provided by Stifel Bank and Stifel Bank & Trust (collectively Stifel Banks). Stifel Bank, Member FDIC, Equal Housing Lender, NMLS# 451163, is affiliated with Stifel Bank & Trust, Member FDIC, Equal Housing Lender, NMLS# 375103, and 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 Financial Corp. and/or any of its subsidiaries. Unless otherwise specified, products purchased from or held by Stifel are not insured by the FDIC, are not deposits or other obligations of Stifel Banks, are not guaranteed by Stifel Banks, and are subject to investment risk, including possible loss of the principal.



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