

SECURITIES-BACKED LINE OF CREDIT (SBLOC)

SEI New ways.
New answers.®

A Securities-Backed Line of Credit (SBLOC) gives you the freedom to access the value of your investment portfolio without disrupting any of the investments within it. You can use an SBLOC for almost anything: a real estate purchase, a tax bill, a tuition payment—anything except the purchase of securities. An SBLOC will give you the liquidity you want—quickly, easily and seamlessly—for the opportunities life presents.

Your portfolio remains intact

Put simply, an SBLOC allows you to borrow against the value of the securities in your portfolio—the individual investments you made will remain untouched. Your new liquidity comes without disrupting a carefully crafted investment strategy or creating any unwanted tax consequences.

Convenient access

You may access your new SBLOC with personalized checks or free domestic wire transfers anytime you need funds.

Information about your SBLOC is available on our website, 24 hours a day, 7 days a week. For more detailed information, our expert SBLOC team is available to assist you by phone, Monday through Friday, 8 a.m. to 6 p.m. Eastern time.

An SBLOC at a glance

- › An interest-only revolving credit line backed by securities held in your investment portfolio
- › Provides access to funds while your investment strategy remains untouched
- › Similar in structure to a margin loan
- › Available to individuals, trusts and entities (entity process/pricing may differ)
- › No income verification for individuals
- › Minimum line of credit of \$75,000
- › No application fee, annual or monthly fees, or charge for portion of line not in use
- › May eliminate the potential tax consequences of liquidating assets*
- › Convenient and fast access to liquidity through check or wire
- › Simple application and underwriting process
- › May be used for multiple purposes
 - Real estate investment
 - Loan payoff
 - Business investments/costs
 - Large expenses
 - Taxes
 - Tuition

*Consult with your financial professional as liquidating securities may result in tax implications for you.

Eligibility requirements

To qualify for an SBLOC, the securities within your portfolio must meet the following eligibility requirements:

Equity securities and mutual funds must

- › Be traded on a major exchange market: NYSE, AMEX or NASDAQ
- › Have an available daily market price
- › Have a share price above \$2
- › Have satisfactory, restriction-free market liquidity
- › Have no restrictions on transfer
- › Not be a security issued by The Bancorp Bank

Similarly, fixed-income securities must

- › Be assigned an investment-grade credit rating
- › Have satisfactory market liquidity
- › Have no restrictions on liquidation or transfer
- › Not be a security issued by The Bancorp Bank

Determining the interest rate

SBLOCs feature a tiered interest rate structure determined by the outstanding loan balance. The tier reflects a margin either above, equal to, or below the Prime Rate as published in *The Wall Street Journal*. There is no charge for the unused portion of the line of credit.

Determining the credit limit

Your credit limit will be based on the value and type of the underlying collateral in your portfolio. The limit itself is determined by multiplying the collateral value by the “Advance Rate” associated with the security class. Note that the advance rate applies to individual securities and mutual funds falling within the specific asset class. Lines backed by portfolios allocated across asset classes will be assigned blended advance rates.

Asset Class	Advance Rate
Equities	50%
Investment-grade fixed income	80%
Treasuries	90%
Cash and equivalent	100%

SBLOCs are offered starting at a \$75,000 minimum based on the above advance rates.

HOW TO ACCESS THE SBLOC

Check writing

If you elect to receive checks, your first order should arrive within 7-10 business days.

Wire transfers

You may transfer funds from your SBLOC by submitting a completed Domestic Wire Transfer Request form. Domestic wire transfers associated with an SBLOC are free of charge at The Bancorp Bank.

You'll probably have some questions

How your investment portfolio will change

Q: *Is trading permitted within the securities account being used as collateral for my SBLOC?*

A: Yes, but please be aware that major changes in the asset allocation of this account might reduce the amount available to borrow against the line of credit.

Q: *Can I request recurring distributions from my securities account?*

A: Most preauthorized recurring distributions will be discontinued when the account is pledged and becomes the collateral for your SBLOC. In certain circumstances, distributions may continue—for instance, if the account holds sufficient value.¹ All recurring distributions should be disclosed for evaluation prior to the establishment of your SBLOC.

Q: *Can a distribution be made from my securities account to make an interest or principal payment on my SBLOC?*

A: Yes, you may use your securities account for the payment, provided there is sufficient value to support the transaction.¹ You can access your account balance and transaction information by phone or online.¹

Changes in the credit limit

Q: *Will my credit limit increase if the underlying collateral increases in value?*

A: Unless you choose a specific credit limit, a maximum credit limit will be assigned at account opening. As securities gain in value, your credit limit will automatically be increased up to that maximum limit. If you chose a specific limit, your maximum credit limit will remain unchanged regardless of the increased value in your account.

Q: *What would cause the credit limit on my SBLOC to be reduced?*

A: Your credit limit will automatically be reduced if the borrowing power or “Advance Rate” value of your pledged securities no longer supports your approved credit limit. It is important that you verify your current credit limit and available credit before requesting advances or writing checks, as you will not receive specific notice when the credit limit changes.

Q: *How do I verify my credit limit, available credit and view information about my SBLOC?*

A: You can access your credit limit, available credit, account balance and transaction information by phone or by logging in to your account online.

Q: *What if a security in the pledged account is no longer eligible to serve as collateral, or if while trading in the account, I purchase an ineligible security?*

A: Ineligible securities are automatically excluded from your securities account for collateral valuation purposes, and your credit limit is adjusted accordingly. In certain circumstances, this could trigger a request for additional assets or a principal repayment.

Q: *What happens if my securities account loses value?*

A: Depending on the relation between your account value, credit limit and amount borrowed, collateral devaluations may: (1) have no consequence; (2) limit your available credit; or (3) require a deposit of additional assets or an immediate payment.

¹Contact your financial professional for more information.

SBLOCs in Action

Your need: *tuition costs*

The SBLOC solution: Costs for private schools and universities continue to rise. Many homeowners will immediately think about borrowing against their home equity in order to access the cash to pay for tuition. An SBLOC will allow you to use your portfolio as collateral instead. There are no hidden fees, you'll get a competitive rate without using your home as collateral, and will be able to pay the tuition bill on time.

Your need: *wedding expenses*

The SBLOC solution: You don't want to skip when planning your child's wedding. You also don't want to sell assets from the portfolio that you and your advisor have spent years carefully crafting. An SBLOC will allow you to leverage these assets instead of liquidating them. You'll get the cash you need, your portfolio will stay intact and you'll avoid the sale of securities that could result in a large capital gains tax.

Your need: *a dream home*

The SBLOC solution: You're on vacation, visiting family or friends and suddenly – there it is: the house you've always wanted. To get the cash for a down payment, you could sell assets from your portfolio—a short term solution that could wreak havoc with your long-term investment goals. An SBLOC will give you the cash you need now without moving any of the securities in your portfolio into cash—the only moving you'll be doing is in.

Disclaimer: *The stories presented represent hypothetical situations based on The Bancorp's experience with advisors and their clients. They are intended to illustrate different potential challenges and are not meant to guarantee that a client's needs or objectives will be met.*

For more information about applying for an SBLOC, please contact your advisor.

Interest payment options

By wire transfer

The Bancorp Bank

ABA number 031101114

Account number 119100

FBO account title/SBLOC loan account number

By check

The Bancorp Bank

Attn: Loan Operations

409 Silverside Road, Suite 105

Wilmington, DE 19809

Please include the SBLOC loan account number on your check.

By automatic payment (ACH authorization)

Submit the completed ACH Loan Payment Authorization form (included with your original loan documents and available on our website under **Client Resources** and then **Forms**).

Your investment account is custodied at SEI Private Trust Company (SPTC), a limited purpose federal thrift and wholly owned subsidiary of SEI Investment Company. All Cash Access Account deposit and credit products are offered by, and any accounts opened in connection with such products will be held by, The Bancorp Bank, a state-chartered bank. Deposit accounts are maintained by The Bancorp Bank. They are FDIC insured up to \$250,000. Other accounts that you have at The Bancorp Bank may impact your coverage.

SEI Cash Access

409 Silverside Road, Suite 105

Wilmington, DE 19809

Securities-backed Lending Team

P: 866.221.5307

F: 302.791.5787

seicashaccess.com

Please consult a tax professional for any questions regarding potential tax implications involving your investment portfolio.

