

# **The Leverage Line™ Securities-based Credit Line Program**

**Next-Generation Financing for Securities Owners:  
*Leverage - Don't Liquidate - for the Funding You Require***

[ Client Presentation ]

2012

## **The Service**

A securities-based credit line can be an excellent source of funds for anyone who holds publically traded stocks or other securities (US or selected foreign issues) and who is willing to borrow against them.

A securities-based credit line is a "light doc" loan where credit is not a factor; the loan is not reported to credit agencies. Paperwork is minimal. Financing typically closes between 5-14 business days after borrower accepts the loan offer, and within three days of signing the credit line agreement.

Borrower retains full ownership and access to securities throughout the loan (interest, dividends, appreciation), and sole ownership of the account.

## LeverageLine™: The Goals

***Close quickly, invest without letting your opportunity pass, and do it all without impeding your long-range plans.*** Admirable goals, but far easier said than done nowadays for most securities owners.

The real estate area is a good example. Restrictions have greatly increased and limitations dramatically tightened across the board for all types of real estate activity. Traditional Fannie Mae or Freddie Mac lenders have added extra barriers designed to limit risk, even for those with superior credit. Those seeking bridge loans often face massive paperwork and deal-killing delays.

Those fortunate enough to obtain financing often do so only after passing high hurdles that can severely impact opportunity deadlines.

## Facing the Reality

- SBA loans are very difficult to obtain with a very slow approval process
- LTV limits are significantly lower for conventional lending
- Long-time bank relationships are no automatic guarantee of financing now
- Limits to FNMA/FHLMC financing restrict investment in multiple properties
- Second mortgages and home equity lines are much more difficult to obtain
- Hard money direct financing is still the most expensive and slowest method
- Extraneous costs are no longer folded into loans as in the past
- Retirement accounts inaccessible (for reasons that include high fees, taxes, unfavorable C-Corp set up requirements, and other considerations)
- Other finance options risky, unlicensed, and costly
- Securities are often too valuable or expensive (= taxes) to liquidate

## **The Scorecard**

Financial institutions are risk-averse like never before. Virtually every investment scenario is affected. U.S. lowered credit rating makes all financing more expensive. Applies even to clients with the very best credit ratings. Existing, profitable businesses as well as individuals find it nearly impossible to obtain adequate funding.

# A Credit Line Against a Securities Portfolio Has None of These Drawbacks

**No red tape:** Your securities portfolio is your principal guarantee. No credit checks, no reporting needed, no administrative delays.

**Speedy, quick:** Cash available for draw within three days of signing of credit line agreement. Simple, straightforward. Almost all funding completed within 14 business days, allowing you to take advantage of most financing opportunities.\*

**Client control:** You get the peace of mind of knowing that you have the best rates and terms in the market; a major, fully licensed, transparent, and regulated U.S. lender; and full control of your credit line from start to finish.

(Note: If you wish to have a company or trust rather than an individual be the loan account signatory, additional due diligence may be required per federal regulations. This may add up to two weeks of additional processing time).

## **Who Can Benefit**

- Real estate brokers/professionals/investors
- CPA's (whose clients need funding options)
- Business brokers
- Business coaches/financial planners
- Franchise developers/directors/brokers/consultants
- Anyone seeking financing without the selling of their stocks or other securities who prefers an institutional, fully licensed and regulated U.S. top-tier institutional lender

## **Who Can Benefit *(Cont'd)***

### **Businesses/Brokers/Real Estate Investors and Coaches/Franchises Other Professionals**

Diversifying to another business or franchise  
Business expansion/business acquisition  
Buying real estate Remodel office  
Purchase of equipment, signage,  
hardware, furniture, etc Partner buy-out  
Refinance higher interest debt Promissory note  
payoff Down payment money Relocate  
business

- Financing residential or commercial property
- Financing "rehab" units/new construction
- Providing another option for down-payment cash (for a traditional loan)
- Funding foreclosures & short sales
- Financing commercial investors/  
franchise buyers
- Financing for foreign real estate investors
- Partner buy-outs
- Land sales
- Cash for other real estate costs



## **Rates and Terms**

**Interest rates:** We can obtain rates averaging 1.4% for large portfolios over \$5M up to 5.5% for portfolios as small as \$135,000 in initial value. Final rate offers will depend on the actual securities in the portfolio. Our rates are easily comparable to or better than any conventional or SBA lending scenario.

**Credit line terms:** No credit line maturity dates. No mandatory balloon payments. You will have the freedom to pay back the amount you've drawn from your line (the principal) at your leisure, and when you do, there is no penalty - even if you pay off your loan the next month.

**Payoff when you like.** These are credit lines, so you will have low, interest-only terms. You can also request that payments be made direct from your line.

## Release Rates and Documentation

**Release rates (LTVs):** *Volatility key*; release rate can be as high at 97% for lowest-volatility securities like Treasury bills; For common equities, the release rate is 65% - 70% due to their higher volatility.

**Documentation:** *Minimal*. Client or business credit not a factor and loan not reported to credit bureaus. Shares must only be free-trading and clear of any liens or restrictions. This is a simple asset-based financing program. No other criteria needed for funding.

## When You Don't Have Securities

- **Cash Plus Securities:** If you have cash and low-priced or non-qualified securities, your licensed lender advisor can restructure your holdings into, for example, low-volatility, high loan-to-value securities for your credit line.
- **Cash Alone:** Working with your licensed lender advisor, you can purchase securities that meet your financial objectives while also taking advantage of your securities-based credit line.
- **Your Objectives Matter Most:** Your licensed lender advisor will work with you to meet *your* investment objectives.

*Note:* If any tax issues are involved they are your responsibility and you should consult with a licensed tax professional for advice or guidance in this area. We state only the simple fact that your shares remain in your account, titled to you and no other, for the duration of your financing.

## Additional Advantages

- **Dividends:** Paid directly to you as usual. No finance-related delays.
- **No Sale of Your Securities:** Your securities are not sold unless you as owner choose to sell them. You can trade in your account (sell) as long as you maintain reasonable collateral value requirements. Your licensed advisor will assist.
- **Support:** Your licensed, FINRA-member advisor will also assist you with research and other support tasks when and if needed.
- **Advisory support from your existing broker OK:** Your new institutional lender advisor can take a "junior" advisory role if your current broker's institution allows it and you'd still like their advice/support.

## Qualifying (Eligible) Securities

**Min. price per share:** US\$5 (*\$10/share or higher preferred*)\* **Min. volume of trading:** 20,000 shares/day avg. (*50K/day avg. preferred*) **Min. initial portfolio value expected:** \$100,000; (*\$130K preferred*)

- U.S. stocks
- Selected blue-chip foreign stocks
- Mutual funds
- U.S. Treasury notes/bills/strips
- U.S. government agency bonds
- Municipal and corporate bonds
- Selected transferrable bank CDs
- Fannie Mae, Ginnie Mae CMOs
- Exchange-Traded Funds (ETFs)
- Some restricted stocks
- Publically traded REITs
- Unit Investment Trusts
- Eligible (transferrable) CDs
- Cash (for placement into securities)
- Money Market funds (select MM funds)
- ***Not accepted:*** *Medium Term Notes (MTNs), Standby Letters of Credit, foreign bonds, zero coupon bonds IRAs, 401K Retirement Plans.*

Note: \$5-\$9 securities typically must be included in portfolio with other securities above \$10/share to be accepted. Individuals with non-qualified securities who are willing to sell and restructure into new, eligible securities, as well as those who have cash, are also eligible for our securities-based credit line program.

## Who is This About?

**Not About Us:** A. B. Nicholas is not your lender. A major, fully licensed, transparent U.S. financial partner with which we have an exclusive preferred relationship *is*. Per the institution's regulations, your lender is fully disclosed and an introduction made only upon return of your signed, no-obligation term sheet.

**Safety and Value Primary:** ABN works for *you*. We do not work for the lending institution and we are not compensated by that or any other institution. Our job is to ensure we've delivered a credit line facility that meets the highest possible standards. We're paid a fair and reasonable fee based on the work we've done in delivering what you requested.

## Summary of Key Program Features

- **Validity:** Major licensed, regulated U. S. institutional lending programs *only*.
- **Insured:** SIPC-insured brokerage accounts; FDIC-insured cash accounts.
- **No transfer:** Securities remain in client's solely-owned account and title.
- **No sale:** Securities are not sold to fund the line. Client retains control.
- **Impartiality:** We are not compensated by any lender or institution.
- **Speed:** Funding in 5-14 days standard for individuals. No credit reporting.
- **Rights:** All dividends paid when earned as always. Voting rights preserved.
- **Profits:** All upside appreciation to your client as with any brokerage account
- **Control:** Your client may terminate at any time if no credit withdrawn.
- **Licensed:** Fully licensed, dedicated FINRA-member lender advisors *only*.
- **Tools:** 24/7 online access with full suite of professional trading tools/support
- **Trading:** Freedom to trade in account even while credit line is active.

## Getting Your Credit Line Quote

- 1. Assemble Your Documents:** We need a copy of a recent brokerage statement and a picture ID, such as a driver's license. Any format is OK
- 2. Go to Our Online Quote Request Form.** Contact us using the information on the last slide. We only need a confidential copy of your brokerage statement and ID, and your application will be submitted for a Term Sheet.
- 3. Client Receives Term Sheet:** Your Term Sheet outlines your specific financing offer, including rates and other important information. Note please that by signing and returning this you incur *no* obligation of any kind to proceed, but it does allow us to move you directly into your licensed lending institution.
- 4. Open Brokerage Account, Sign Credit Line Agreement:** Your FINRA-registered, licensed advisor at your lending brokerage will open your account often the same day, after confirming your information. Upon arrival of your shares, the lender's banking division will provide your credit line agreement, which will mirror your Term Sheet. Once signed, your credit line will be available within three business days.



# Getting Started

***To APPLY NOW, please click on the secure Request For Quote Form link below:***

***<https://secure.blueoctane.net/forms/ECJKOQ6NINH1>***

***If you have further questions, feel free to contact our Registered Representative below...***

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