LeverageLine™ Vs. Margin Loans

LeverageLine™ is not a margin loan by any measure. For one, it is a non-purpose credit facility, meaning LTVs can be far higher than for a margin loan. For another, it is freely available for any legal use in a low-rate package. But there's more.

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When you obtain a margin loan you are always hoping to leverage your existing stocks to gain more value from those stocks. Well enough, and fine for those wanting to buy more stocks, but as a cash loan? Margin borrowers will typically get a maximum LTV of 50% for stock purchasing (although 35%-40% is more common for cash use). And yes, they are "your" stocks, but really only in the sense that they remain "yours" to work in the market. Whatever they do, you'll still be deducting the money the institution advanced you to buy the stocks.

But calls can advance that day of reckoning easily. That day could be a long time off or even the next day, because margin loans are very strict in terms of immediately repayment. The brokerage's axe drops quickly on you if your stocks drop so much as to enter call territory, so you must always be ready.

LeverageLine is not a "purpose credit" facility, but rather a "non-purpose credit" facility. That means loan-to-value can be as high as 98% instead of the maximum 50% for margin loans. It also means the loan can be very flexible and tolerant on call policy. ABN LeverageLine clients have never had a call for a variety of reasons, but if a call ever were pending, they'd have up to two weeks to resolve the issue and if possible, would be advised in advance of any concerns. It means very low rates – averaging 3% at present, and licensed, institutional follow-on funding in the process. It means a revolving line of credit and interest-only repayment and in some cases, waived repayment altogether for a year for those who need to preserve cash flow, such as those purchasing franchises or new businesses or rehabbed rental property.

In short, LeverageLine flexibility, rates, and LTV outshine margin loans easily for those looking for a powerful form of securities-leveraged, licensed institutional financing. We invite you to apply for a no-obligation term sheet today.

A revolving line.
- Take what you need
- Repay and refill line
- No maturity date

Secure financing.
- SIPC/FINRA
- Licensed lender.

No title transfer.
- Simple lien
- Freedom to trade

Custom facility.
- Wholesale rates
- Only through ABN

Broad eligibility.
- $10/share+
- U.S., foreign

Business Financing
- Conventional financing • Easier qualifying
- Start with LeverageLine

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