

# SECURITIES-BACKED LINE OF CREDIT (SBLOC) QUICK CARD FOR TRUSTS

The Securities-Backed Line of Credit (SBLOC) provides trust clients with a flexible way to access cash the same as the SBLOC for consumer clients. In many cases, accounts can be established through a simple application and account-opening process. There are additional components of the SBLOC account-opening process when trusts are involved that financial advisors need to know, which are outlined in this quick card. Following these guidelines can help expedite account opening and activation.

## Account Eligibility

Trusts that are ELIGIBLE for an SBLOC account include:

Ownership Type
Living Trust
Testamentary Trust
Estate
Grantor Retainer Annuity Trust

Trusts that are INELIGIBLE for an SBLOC account include:

Ownership Type
Charitable Remainder Trust
Charitable Lead Trust
Special Needs Trust
Grantor Retainer Annuity Trust - If acting as a third-party pledgor.*

\*A third-party pledgor is a person or entity pledging assets to secure a loan provided to another person or entity.

## SBLOC Loan Documents<sup>1</sup>

The SBLOC Application and a Trustee Certification/Affidavit must be completed and provided by the Trustee(s) for all trusts. A fully executed copy of the trust is required in the following instances<sup>2</sup>:

Irrevocable	Revocable
<ul style="list-style-type: none"> <li>The trust is governed by the laws of one of the following states: CO, CT, HI, LA, NY, OK, RI and MI</li> <li>The loan request is <math>\geq</math> \$3million<sup>3</sup></li> <li>The trust is a third-party pledgor<sup>4</sup></li> <li>The trust is governed by the laws of Puerto Rico or the US Virgin Islands</li> </ul>	<ul style="list-style-type: none"> <li>One or more grantors/settlors are deceased</li> <li>The trust is governed by the laws of Puerto Rico or the US Virgin Islands</li> </ul>

<sup>1</sup>Additional document requirements may apply. The bank may require a fully executed copy of the trust agreement at any time.

<sup>2</sup>The bank may require the trust at any time even if one of these scenarios is not present.

<sup>3</sup>If the SBLOC account value does not equal or exceed \$3,000,000 at the time it is approved, but subsequently equals or exceeds this amount, the bank may request a copy of the trust.

<sup>4</sup>Consideration must be present for all third-party pledgors.

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## Trust certification/affidavit - things to remember:

- Eleven (11) states require a notary acknowledgment: CA, DE, IA, ID, KS, MN, MS, NV, SD, TN, VT
- Thirty-one (31) states and the District of Columbia require a copy or abstract of trustee's powers: AK, AL, AZ, AR, DC, DE, FL, GA, IL, KS, KY, MA, MD, MS, MO, MT, NH, NJ, NM, NC, OH, OR, PA, SC, TN, TX, UT, VA, VT, WA, WI, WY
- ALL acting trustees must sign the certification/affidavit. If only one trustee is required to act, all trustees must confirm this ability by signing the trustee certification/affidavit. One trustee may then sign the remainder of the SBLOC account.
- The trustee certification/affidavit must be completed in its entirety.
- Trust Name:
  - The full, legal name of the trust must be stated in all areas requested, and the name must be the same on the SBLOC account application.
  - Abbreviations should not be used. However, the following abbreviations may be accepted:

"TST" and "TRST" for Trust	"LIV" for living
"FAM" for family	"REV" for revocable
"IRREV" for irrevocable	

- If a revocable trust is governed by CO, CT, HI, LA, NY, OK, RI or MI, grantors (a/k/a settlors, trustors or testators) must sign the last page. Each signature must be notarized if the trust is governed by a state with notary requirements. See above list of states with notary requirements.

Important links, tools and contacts	
SBLOC Account Opening Team	Phone: 302.791.4232 Email: sblocunderwriting@thebancorp.com
Client Experience	866.435.1370
Business Development	877.743.4321

The SBLOC account is a demand line of credit provided by The Bancorp Bank. The SBLOC account requires sufficient eligible collateral to support a minimum credit facility size of \$75,000. All securities are subject to credit approval and The Bancorp Bank may change its collateral maintenance requirements at any time. Securities-backed financing involves special risks and is not for everyone. When considering a securities-backed loan, consideration should be given to individual requirements, portfolio composition and risk tolerance as well as capital gains, portfolio performance expectations and investment time horizon. The securities or other assets in any collateral account may be sold to meet a collateral call without notice to the client; the client may not be entitled to an extension of time on the collateral call, and the client is not entitled to choose which securities or other assets are to be sold. The client can lose more funds than deposited in the collateral account. The Bancorp may demand full repayment at any time. Accounts are subject to approval by The Bancorp. For more information, or to determine whether an SBLOC account is right for your clients, contact us at 302.791.4232. Your client should consult a tax professional for any questions regarding potential tax implications involving their investment portfolio.

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