Overview of Asset-Backed Borrowing Options

Category	Home Equity Line of Credit (HELOC)	Margin Loan	Bank-Issued Securities-Based Line of Credit	Bridge Loan	Cross Collateral Loan	Using Asset Depletion (Total Assets ÷ 60)
Collateral	Real estate, including primary, secondary residences and investment properties	Eligible securities in most non-retirement accounts	Eligible securities, as determined by the bank, held in a separate pledged brokerage account	Existing property being sold and new property being purchased	Multiple assets, including real estate, securities, or other eligible assets	Liquid assets such as cash, investments, and retirement funds
Minimum Collateral Requirement	80-89.99 combined loan to value depending on occupancy	Generally $2,000, though some brokers may require more	Varies; many lenders require at least $100,000 in eligible pledged securities	Varies; typically based on the value of the existing and new property	Determined by lender based on the combined value of pledged assets	Typically $250,000+ in eligible liquid assets
Borrowing Limits	A percentage of the home's appraised value minus any mortgage balance, determined by the lender	Typically 50% of the assets' value	Based on the loan value of eligible pledged securities, generally up to 70% of their market value; some banks may require a large initial advance	Typically 70%-80% of the combined property value, based on lender criteria	Varies based on total collateral value and lender requirements	The total asset value divided by 60 months is used as qualifying income for a loan
Maintenance Requirements	N/A	Typically 30% of the assets' market value (falling below may trigger a maintenance call)	Varies; some banks require the collateral's loan value to meet or exceed the greater of $100,000 or the outstanding loan balance (falling below may trigger a repayment demand)	N/A	May require ongoing collateral evaluation to ensure loan remains adequately secured	Borrower must maintain sufficient liquid assets to meet lender criteria
Term	Typically a 10-year draw period followed by a 20-year repayment period	Revolving line of credit with no set draw or repayment periods	Typically a revolving line of credit	Short-term (6 months to 3 years), typically repaid when	Varies; can be structured as short-term or long-term financing	Typically structured as a 30-year mortgage but varies by lender

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				existing property sells		
Approved Uses	Suitable for most purposes—consult with your financial advisor	Can be used for any purpose	Most lawful purposes, except securities purchases or margin loan repayment	Purchasing a new home before selling an existing home	Leveraging multiple assets to secure larger loan amounts	Primarily used for mortgage qualification when traditional income documentation is unavailable
Ideal Uses	✔ Debt consolidation ✔ Home improvements ✔ Short- or long-term liquidity needs	✔ Stock purchases ✔ Short-term liquidity needs ❌ Not ideal for long-term liquidity needs	✔ Bridge financing ✔ Short- or long-term liquidity needs ❌ Not ideal for small initial borrowing needs	✔ Buying a new home while waiting for the sale of an existing property ❌ Not ideal for long-term financing	✔ Borrowing larger amounts by using multiple assets ✔ Avoiding selling assets to access liquidity	✔ Qualifying for a mortgage without traditional income documentation ✔ Ideal for retirees and high-net-worth individuals with substantial assets