

Fixed-Rate Solution Provides Interest Rate Relief

The Opportunity

Over the last two years, rising interest rates have created financial concerns for high-net-worth clients—and a need for resolution. One such individual came to us regarding a large floating real estate debt.

This client had used a securities-based line of credit (SBLOC) at a large commercial lender to purchase a home several years before, financing \$3.6M at a variable rate. He planned to make interest-only payments for several years, but in 2022 and 2023, rate increases caused his monthly payments to rise. In search of a better solution, he turned to his financial advisor, who recommended he speak with us.

Personal Assessment

TriState Capital takes a customized, approach to SBLOCs. In a meeting with this client and his financial advisor, we walked through a range of options (fixed for 15, floating and fixed, interest only, amortized, etc.),

the benefits of each, and the positive impact on his financial strategy.

“While we could offer a better variable rate than his existing loan, the best solution for this client was to lock down the best fixed rate possible to provide greater stability and control, as well as savings.”

—Relationship Manager, Private Bank Lending VP

Plan Development and Implementation

TriState Capital paid off the full balance of the floating real estate loan and locked in a 5-year SBLOC for a better interest rate than the client was currently paying. By executing an interest rate swap, the client was able to achieve rate certainty and predictable monthly payments on his loan. Because

this debt is still related to a home purchase, this customized solution was an ideal alternative to a traditional jumbo mortgage.

The TriState Capital Advantage

Due to our expertise in this area, we were able to provide a solution that improved the client’s bottom line, reduced stress, and strengthened the financial advisor-client relationship.

A Partnering Approach

At TriState Capital, we work with financial advisors who want to solve their clients’ liquidity issues without disrupting their investment goals. Our collaborative approach enhances relationships through effective, strategic solutions and greater client confidence.

Experience Meets Innovation

As a pioneer in SBLOCs, TriState Capital brings a level of expertise—and efficiency. We offer a more informed, streamlined approach thanks to insightful tools, efficient processes, and invaluable resources. We also provide digital platforms that empower both financial advisors and their clients to stay at the forefront of their lending experience.

“By leveraging our SBLOC expertise and solutions, the financial advisor saved his client roughly \$40,000 a year.”

— TriState Capital Relationship Manager

Securities-based lending is a non-purpose margin loan secured by eligible, marketable securities. It is non-purpose because the proceeds of the line of credit cannot be used to purchase securities. Securities-based lending has special risks and is not suitable for all investors. The risk of securities-based lending include: (i) market fluctuations that may cause the value of pledged assets to decline, (ii) a decline in the value of the pledged securities that could result in selling the securities to maintain equity, and (iii) possible adverse tax consequences as a result of selling securities. TriState Capital Bank is a Pennsylvania chartered bank.