

PRIVATE BANKING SOLUTIONS

TAILORED LENDING AND MORTGAGE STRATEGIES
FOR HIGH-NET-WORTH INVESTORS



KEY BENEFITS TO YOUR BUSINESS

Deepen Relationships.

With direct access to private banking solutions, clients are less likely to contact a competitor for credit needs.

Retain Investments.

Clients with significant credit requirements won't need to liquidate securities at an inopportune time and disrupt their investment strategy.

Gather Assets.

When an advisor manages both sides of a client's balance sheet, it leads to stronger relationships and retention of assets.

INTRODUCING TOTAL WEALTH MANAGEMENT FOR YOUR HIGH-NET-WORTH CLIENTS

The number of wealthy investors is growing, and so is the complexity of their needs. You can go beyond helping clients grow and protect their wealth and start putting it to work.

Through Pershing Advisor Solutions LLC, you can access private banking solutions from BNY Mellon, N.A., allowing you to provide a comprehensive approach to managing your clients' wealth. Pershing Advisor Solutions and our bank affiliate BNY Mellon, N.A. are working together so you can deliver an even broader range of services to your clients. You can offer a more comprehensive wealth management approach—helping clients meet their liquidity needs, purchase real estate and consolidate their financial relationships. We can support you as you create a distinctive value proposition for wealthy investors—and open up new channels for growth.

ENHANCE YOUR CLIENTS' LIQUIDITY AND PURCHASING POWER WITH A FLEXIBLE, REVOLVING LINE-OF-CREDIT

With an Investment Credit Line (ICL), your clients can maximize their investment opportunities without interrupting their long-term wealth management strategy. This revolving line-of-credit is secured by qualifying marketable securities and liquid assets held in existing investment or custody accounts at Pershing Advisor Solutions. An ICL is an ideal solution for business owners and individuals who require highly flexible lending options.

Potential uses include:

- › Business acquisition, start up or expansion
- › Cash flow or working capital needs
- › Estate planning and charitable strategies
- › Home improvements
- › Letters of credit
- › Luxury purchases
- › Medical, education, child care, elder care and other family obligations
- › Real estate investments
- › Tax obligations

ICL Important Information

- › May not be used to purchase securities or fund investment account.
- › May not be appropriate for all investors.
- › If market value depreciates, client may be required to deposit additional funds.
- › Failure to satisfy account maintenance requirements will result in restrictions on client's account and/or liquidation of securities to acceptable equity levels.

Credit services, which are subject to application and credit approval, are provided by BNY Mellon, N.A., member FDIC, and a wholly owned subsidiary of The Bank of New York Mellon Corporation.

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KEY BENEFITS TO YOUR BUSINESS

Safeguard Investments.

With an ICL, your clients can pledge their investment assets rather than deplete cash reserves or jeopardize their investment goals.

Deliver Comprehensive Wealth Management.

Access to investing services, mortgages and a line-of-credit through you strengthens your position as a wealth manager who can “do more” and address both sides of the balance sheet.

Increase Flexibility.

An ICL opens up a new avenue of opportunity to help clients achieve their financial and business goals through the strategic use of existing investments and liquid assets.

Key Features

- › Structured for financing needs of over \$1 million
- › Secured by qualifying, liquid assets held in your client's existing investment portfolio
- › Acceptance of many forms of collateral, such as equity and fixed income mutual funds, domestic equities, corporate and municipal bonds and government securities*
- › Competitive LIBOR-based pricing is often lower than standard bank loans or credit card advance rates
- › Interest is paid only on the funds borrowed
- › Quick turnaround to establish the ICL and minimal ongoing administration required
- › Easy access to funds with a simple phone call
- › Option to transfer funds directly to client's checking account or funds may be wired to an external account of the client's choosing
- › Early pre-payment of principal without penalty
- › Available in all 50 states
- › Ability to segregate sub-limits to support letters of credit

SITUATION: LONG-TERM CARE

A 75-year-old client in need of continuing care had agreed to relocate to be near her only daughter. Immediately after listing her home for sale, an opening became available at a long-term care facility within miles of the daughter's home. However, this required an initial deposit within seven days and final payment two months later.

SOLUTION

An ICL was established within days and funds were wired directly to the facility to secure the room. As a result, the client avoided unnecessary tax consequences from liquidating investment assets and eliminated the pressure to sell her home too quickly. The daughter had peace of mind knowing her mother would finally move closer and receive the care she needed.

SITUATION: TAX PAYMENT

A retiring executive projected a \$1 million tax liability due April 15 from retirement payouts received the previous year. The client has a \$10 million investment portfolio with a long-term objective of growth and income.

SOLUTION

The client borrowed the needed funds by pledging the investment portfolio as collateral for an ICL rather than selling securities. Secured credit can be a cost-effective alternative to liquidating appreciated or low cost basis assets, particularly when the interest expense is lower than investment earnings.

* Mutual funds must be held for 30 days before they are eligible.

NAVIGATE A RANGE OF YOUR CLIENTS' MORTGAGE NEEDS

A robust suite of specialized residential mortgage solutions from BNY Mellon arm you with powerful lending strategies to address your clients' home financing requirements. Whether your clients are borrowing to purchase a single-family home, condominium or co-op as a primary residence, or a vacation home, BNY Mellon's customized jumbo mortgages provide you with the depth of services to keep you agile in the marketplace and highly responsive to your clients' financing needs.*

Benefits To Your Clients	Benefits To Your Business
<ul style="list-style-type: none">› Introduction to a BNY Mellon Mortgage Banking Officer, through you as a trusted advisor, to access mortgage solutions› Access to innovative and flexible jumbo mortgage solutions, with features specifically designed for the diverse needs of high-net-worth individuals› Confidence, knowing they are receiving the same high-quality, personal service they receive for their investments› Nationwide access to competitively priced mortgage solutions from a leading portfolio lender	<ul style="list-style-type: none">› Minimize the risk of liquidating an investment portfolio for a down payment, new construction or remodel› Keep your clients' investment portfolios intact and invested in the market as they may use their portfolio assets as collateral› Deliver exceptional client service through a dedicated private banking team that manages your clients' entire loan process from application through underwriting and closing

HYBRID MORTGAGE

A Hybrid Mortgage blends the security of a fixed mortgage payment with the flexibility of an adjustable-rate mortgage. This solution provides your clients with two mortgage products in one closing, which could lower the blended rate.

Key Features

- › Helps clients effectively manage interest rate risk and improve cash flow
- › Provides an opportunity to customize a pay-down strategy to align with cash flows
- › Offers clients flexibility to match the time horizon for debt with an expected liquidity event

See example on next page.

* Minimum mortgage loan amount: \$500,000.

Mortgage services, provided by BNY Mellon, N.A. are subject to credit approval. All product and loan terms are subject to change without notice.

Neither Pershing Advisor Solutions nor BNY Mellon, N.A. provides tax or legal advice. Clients should be advised to consult with a legal or tax advisor about their individual circumstances.

Hybrid Mortgage Example

CLIENT OBJECTIVES

- › Refinance \$2 million mortgage on primary residence
- › Pay down principal in seven years with \$1 million distribution from a trust

SOLUTION

- › \$1 million first mortgage—fixed rate, fully amortized mortgage
- › \$1 million second mortgage—7/1 interest-only adjustable rate mortgage

CONSTRUCTION FINANCING

Whether your clients are constructing a new home or renovating an existing property, this mortgage solution features the convenience of a single loan closing and substantial savings on closing costs and points. Clients can lock in the mortgage and rate at the beginning of the construction process rather than after completion. They also benefit from full control over the amount of each disbursement to contractors, as well as the payout frequency.

Key Features

- › A full range of competitively priced programs, including adjustable-rate and fixed-rate mortgages
- › Interest-only payments for the first 10 years
- › Ability to borrow against investment assets rather than liquidating securities
- › Opportunity to pledge additional securities for 100% financing of the real estate to maximize potential tax benefits
- › No site inspections required by bank

Construction Financing is available nationwide for owner-occupied primary or secondary residences. The minimum loan amount is \$500,000. Construction or renovations must be completed within 18 to 24 months and appraisals are conducted at the time of the application.

SITUATION: SECOND HOME PURCHASE

Two high-net-worth clients were building a second home near a luxury ski resort.

SOLUTION

While the couple maintained their investment assets with you, they conducted their banking at another financial institution. With an introduction to a BNY Mellon Mortgage Banking Officer, through you, the client obtained a Construction Financing loan that provided a single closing and lower origination fees than the competitive bank product.

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INTEREST-ONLY MORTGAGE

This specialized mortgage solution is available for clients who desire greater control over monthly expenses or need to manage irregular income streams. It's also beneficial for those who require flexibility to free up funds for investments and other opportunities.

Key Features

- › Reduced monthly payments during 10-year, interest-only period
- › Increased cash flow to potentially fund other investment opportunities
- › Ability to schedule principal payments to accommodate income that may be received at irregular intervals¹
- › Entire monthly payment amount may qualify as tax-deductible interest during the interest-only period

Mortgage Example Showing Incremental Cash Flow (Years 1-10)²

Mortgage Amount	Interest-Only Payment	Fully Amortized Payment	Incremental Monthly Cash Flow (Years 1-10)
\$500,000	\$1,500.00	\$2,273.23	\$773.23
\$1,000,000	\$3,000.00	\$4,546.45	\$1,546.45

¹ Principal payment penalty of 1% for any amount over 10% in first year only.

² Mortgage Example of Incremental Cash Flow: This is a hypothetical example using BNY Mellon's 10/1 LIBOR Adjustable Rate Mortgage (ARM) with a 30-year term, 25% down payment, a start rate of 3.60% for the first 10 years, a rate of 2.80% in years 11-30 and an overall APR of 3.228% which may increase after consummation and was prepared to show the potential benefits of interest-only payments. Interest rate assumptions are for illustration purposes only. Incremental Monthly Cash Flow = (the fully amortized monthly payment amount) - (interest expense paid out on the interest-only loan). BNY Mellon does not provide tax advice. Clients should consult a tax advisor to properly evaluate individual circumstances.

BNY Mellon's Interest-Only Mortgage allows clients to pay only the interest on the money borrowed for the first 10 years of the mortgage. If only the interest is paid during this period, clients should be aware of the following:

- › When the interest-only period ends, the client will still owe the original amount borrowed, which must now be amortized over the remaining term of the loan.
- › The monthly payment will increase after the interest-only period even if interest rates remain the same, as the payments would now include principal repayments as well as interest.
- › If the property does not increase in value during the interest-only period, clients will not have built equity, which could mean:
 - It may be harder to refinance the mortgage.
 - The proceeds from the sale of the property might be less than the principal owed to the lender.

BNY Mellon's Mortgage Banking Officers can review with clients the projected payments after the initial 10-year interest-only period and how ARM payments could change at each adjustment period. Interest rates are subject to change.

100% FINANCING OPTION

By using the full value of a new or existing residence, and pledging qualified assets as additional collateral, a 100% Financing Option opens new possibilities for clients to effectively manage their wealth. This mortgage feature provides the flexibility for your high-net-worth clients to keep their portfolios fully invested, while accessing the value of their portfolio holdings for their home financing needs.

Key Features

- › Use diversified investment portfolio as additional collateral against the residential purchase
- › Capital gains taxes may be avoided because assets are not liquidated
- › Interest on the entire amount of the mortgage may be deductible, depending on a client's individual circumstances
- › Cash that would have been used for down payment may be earmarked for other needs

HYPOTHETICAL EXAMPLE:

Bob and Martha want to purchase a \$2 million home, where they plan to live for ten years. A 20% down payment would require the couple to fund \$400,000 in cash, in addition to standard closing costs. What options do Bob and Martha have for making the down payment?

A. Liquidate securities from their investment portfolio.

While this option would provide the couple with the needed funds for the down payment, it could potentially be the more costly option in the long run. The unplanned or untimely sale of securities may result in capital gains tax exposure. Further, by liquidating a portion of their investment portfolio earlier than expected, Bob and Martha may be unable to achieve certain long-term goals and require adjustments in their wealth management strategy.

B. Choose 100% Financing Option in combination with desired adjustable-rate or fixed-rate mortgage.

The 100% Financing Option allows Bob and Martha to leverage their investment portfolio by pledging qualified securities as collateral in lieu of the cash down payment. As a result, they can keep their long-term investment strategy intact and still meet their short-term financing goals.

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MORTGAGE PRE-APPROVAL PROGRAM

The Mortgage Pre-Approval Program allows clients to submit an application and get pre-approved for a mortgage prior to selecting a home for purchase. While a pre-approval is not a commitment to lend, it offers an indication that BNY Mellon may provide clients with a mortgage once a suitable property has been found.³ Clients can save time by narrowing their search for the perfect home and increasing their competitive advantage when bidding against other would-be buyers.

Benefits of a Mortgage Pre-Approval

- › Peace of mind—Clients have an indication of their price range and financing parameters prior to beginning a home search
- › Improved bargaining power—Clients can strengthen their bargaining position to negotiate purchase price by having a mortgage pre-approval in hand
- › Quick turnaround—Clients can take advantage of an expedited closing timeframe since financing process is already underway
- › No obligation or cost to obtain a pre-approval—Standard closing costs will still apply

90-DAY INTEREST DEDUCTION RULE

For a variety of reasons, high-net-worth home buyers may want to pay cash to purchase, construct or substantially improve their home. With a home purchase, for example, a cash transaction could win a multiple-offer situation, simplify the purchase process or allow for a quick closing. For those who plan to obtain financing after the cash purchase, the timing of this financing matters and the 90-Day Interest Deduction Rule may apply.

To deduct the interest, the mortgage must generally be incurred within 90 days of the acquisition of the residence. In addition, the residence must be secured by the mortgage.⁴ Generally, the mortgage is treated by the Internal Revenue Service (IRS) as being incurred on the date the loan proceeds are disbursed. However, the debt will be treated as incurred on the date a written application is made as long as the proceeds are actually distributed within a reasonable time after approval of the application (30 days, according to the IRS).

Potential Interest Deduction

As a general rule, taxpayers may deduct the interest on up to \$1 million⁵ of mortgage debt used to buy, build or improve their home, plus an additional \$100,000⁶ of home equity debt. To qualify, the loan must be secured by a qualified residence such as a house, condominium or co-op. In addition, the property must be a principal residence or any other property designated and used as a residence.

Deduction Parameters

Purchasing the residence. If the mortgage is obtained within 90 days before or after the date the residence is purchased, the interest on up to \$1 million of mortgage debt may be deductible.

Constructing or improving the residence. In the case of the construction or improvement of a residence, interest on up to \$1 million of mortgage debt may be deductible.

³ Subject to satisfactory appraisal and title report, fully executed purchase contract, verification of borrower information on mortgage application and no change to loan term or mortgage product. Pre-approval is effective for 90 days from the date of application.

⁴ See IRS Notice 88-74.

⁵ \$500,000 in the case of a married individual filing a separate return.

⁶ \$50,000 in the case of a married individual filing a separate return.

Neither Pershing Advisor Solutions nor BNY Mellon provide tax advice. Clients should consult a tax advisor to properly evaluate individual circumstances.

ADDITIONAL PRIVATE BANKING SOLUTIONS AVAILABLE THROUGH BNY MELLON, N.A.

COMMERCIAL REAL ESTATE FINANCING

Commercial real estate investments are often an integral part of high-net-worth investors' wealth. Now, you have access to flexible financing options to help your clients make these investments possible. BNY Mellon's Private Bankers work closely with you and your clients to understand their financing requirements in concert with their long-term strategies, drawing on our lending specialists to provide competitively priced loans and lines of credit, available nationwide.

Key Features

- › Financing for acquisition or refinance of office, retail, multi-family, warehouse/industrial, mixed use (e.g., combination retail/apartment, office/retail) property types
- › Structured for financing needs from \$2 million

ESCROW SERVICES

BNY Mellon, N.A. provides third-party agent or depository escrow capabilities that are reliable, cost efficient and backed by commitment to outstanding service. Dedicated specialists offer expertise with a range of escrow agreements emphasizing exceptional value and responsiveness.

Key Features

- › Escrow capabilities include cash settlements, class actions, cash and stock holdbacks from mergers and acquisitions and proceeds related to 1031 exchange transactions.
- › Proactive participation throughout lifecycle of escrow agreement
- › Customized deposit capabilities

LIFE INSURANCE PREMIUM FINANCING

Life Insurance Premium Financing can cover both the annual premiums and the loan interest thereby resulting in the ability to acquire the policy in a tax-efficient manner. The loan is secured by the assets in the client's investment account held at Pershing thus, allowing the client's current portfolio allocation and long-term strategy to remain intact.

Key Features

- › Borrowed funds provide for tax-efficient acquisition of life insurance policy
- › Opportunity to pledge collateral in lieu of liquidating assets or using personal cash flow to acquire policy
- › Use of arbitrage, either alone or in conjunction with other planning strategies, provides ability for loan to be repaid tax-efficiently during insured's lifetime
- › Structured for financing needs from \$5 million
- › Target minimum policy size: \$10 million (death benefit)
- › Target minimum annual premium: \$500,000

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TO LEARN MORE

You know us for the relationship we have built with you over time and the support we provide to meet the complex investing needs of your clients. We'd like to help you further enhance your client relationships with access to customized mortgage and lending solutions that underscore your dedication to comprehensive wealth management.

We invite you to contact your dedicated Relationship Manager for a personal introduction to a BNY Mellon Private Banker or Mortgage Banking Officer.

WE ARE PERSHING ADVISOR SOLUTIONS. WE ARE BNY MELLON.

Pershing Advisor Solutions is one of the world's leading providers of execution, custody, financing and business management solutions to help advisors manage their businesses efficiently and serve their clients effectively. Our clients are professionally managed, growth-oriented firms that serve high-net-worth and ultra high-net-worth clients. We have built our registered investment advisor custody business from the ground up, organized around the needs of the advisory firms we serve in order to create the New Model Custodian™. With a focus on delivering a superior client service experience, innovative technology and financial solutions and a practice management offering geared towards implementation, we help investment managers, wealth managers and family offices thrive in today's dynamic environment.

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One Pershing Plaza, Jersey City, NJ 07399

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