Using a Margin Loan to Bu

An overview of using a margin loan to ass house

Many people have considered using a margin loan to purchase a home or even to pay down a mortgage investment portfolio and pay down the mortgage, essentially "refinancing" it from a traditional mortgag environment, you may be able to drop a 4%-4.5% loan down to less than a percent which seems attracti call risks, borrowers take on additional risk which is an interest rate risk. In a 30 year loan, you have the in for the term of the loan. In a margin loan, your rate will fluctuate month to month depending on the u to consider because, over time, your variable rate loan structure could rise up much higher than your ra planning to own the home for a short period of time this may make sense as it lessens the period of time should think twice about using this strategy over the long term as it could be costly.

Tax benefits

If a margin loan is used to purchase dividend producing stocks and interest bearing bonds, you may be a portfolio income. Some clients will use proceeds from a stock sale to fund the mortgage loan payoff, the

before making any changes to their loan structure. Other benefits possibly can include no closing costs
be costly.

Additional considerations

There are additional risks when thinking about refinancing your mortgage to a margin or even using it t
traditional mortgage, if the value of your investment portfolio should fall, the bank can call you to pay d
you are unable to do this, they can sell your securities at a low price to pay down the loan. Do not levera
your investments to a safer position if you are considering this strategy. To protect against margin call r
equity line so that you could easily pay down the margin loan if your portfolio fell in value. Above we als
with a variable margin loan as well. As always, you should consult your financial and tax advisor before

advisory/management services.

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