PR Mortgage Investment
2000 Midlantic Drive, Suite 220
Mt. Laurel, NJ 08054

FREQUENTLY ASKED QUESTIONS

WHAT ARE THE TERMS AND BENEFITS OF EQUITY ADVANCER?

Equity Advancer is a First Lien HELOC designed to help borrowers build equity faster, reduce interest costs, and maintain flexible access to funds while offering flexible payment options. Key features include:

- A linked checking account that sweeps deposits nightly and applies directly to principal to reduce the balance.
- A fixed credit limit for the first 10 years, followed by a gradual reduction of 1/240th per month over the remaining term of 20 years.
- Flexible payment options available, including interest-only, traditional amortization, and no payment as credit limit allows.

HOW DOES EQUITY ADVANCER BUILD EQUITY?

Deposits made into the linked checking account are automatically applied to the principal balance, reducing interest costs and accelerating loan payoff. Unlike traditional mortgages, monthly payments adjust downward as the principal decreases—no refinancing required.

WHAT HAPPENS WHEN MY BORROWERS MAKES A DEPOSIT?

Deposits are swept nightly and applied directly to the principal balance. This reduces the amount of interest charged and shortens the loan term—making every dollar work harder.

ARE MY BORROWERS' DEPOSITS SAFE IN AN EQUITY ADVANCER ACCOUNT?

Yes. The checking account is held with an FDIC-insured bank and functions like a standard checking account—with debit card access, check-writing, and online banking. Deposits are swept nightly to reduce the loan balance and interest costs.

DO BORROWERS HAVE TO RUN ALL THEIR FINANCES THROUGH THIS ACCOUNT?

While not required, using the linked checking account as their primary banking account will yield optimal results. Some borrowers take a hybrid approach and transfer excess funds periodically, while others prefer to route all income through the account to maximize their savings.

HOW FAST CAN MY BORROWERS PAY OFF THEIR EQUITY ADVANCER LOAN?

Borrowers who consistently deposit more than they spend can significantly accelerate their payoff timeline—with no prepayment penalties. Since there is no amortized schedule, every deposit reduces the principal. Explore our Loan Calculator to see how you can help your borrowers reach financial freedom—faster and smarter.

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AREN'T ARMS RISKIER OR MORE COSTLY THAN FIXED-RATE LOANS?

While ARMs can fluctuate, Equity Advancer focuses on interest cost, not just the rate. The faster borrowers pay down principal, the less interest they pay—making financial habits more impactful than the rate itself. Even with a low rate, carrying debt longer increases total interest paid. Longer loan terms often mean higher overall borrowing costs.

CAN EQUITY ADVANCER BE SECURED ON FREE AND CLEAR PROPERTIES?

Yes. Free-and-clear properties qualify as long as the minimum draw requirement is met. This allows borrowers to leverage their equity without taking on a traditional mortgage. Refer to our Cash-Out Refinance guidelines and prepayment schedules for more details.

HOW IS EQUITY ADVANCER DISCLOSED?

It's disclosed as an open-ended line of credit and is exempt from TRID, simplifying the disclosure process. Key terms include interest rates, fees, repayment structure, and minimum draw requirements. Similar to credit cards, borrowers can access and repay funds up to their limit. The credit limit remains fixed for 10 years, then gradually decreases for the remaining term.

HOW IS THE INITIAL RATE AND PRICE DETERMINED FOR EQUITY ADVANCER?

The initial rate is based on the 30-day compound SOFR, set on the first business day of the month of closing. Pricing is determined by factors such as LTV, credit score, property type, occupancy, and loan size—ensuring a fair and personalized rate.

HOW DO I KNOW WHICH MARGIN TO SELECT?

Refer to the rate sheet to determine the margin for the price you desire. Margin drives price.

WILL THE EQUITY ADVANCER LOAN HAVE A BALLOON PAYMENT?

No. The loan is interest-only for the first 10 years, followed by a 20-year amortization period. The credit limit reduces monthly by 1/240th during the amortization phase, ensuring full payoff by the end of the term.

WHAT IS THE TIMELINE FOR CLOSING DOCS, FUNDING AND RECORDING?

Since Equity Advancer has no rate lock and uses the 30-day compound SOFR set on the first business day of each month, loans may fund and record up to five business days into the following month using the prior month's index.

THERE IS NOT A MARGIN CHOICE TO COVER THE ACTUAL MARGIN/RATE

Loans with an LTV over 80% are self-insured and require an add to the margin and rate. To model the scenario, navigate to the "Advanced Calculations" section of the calculator and manually enter the corresponding margin add as found in the "HLTV Margin Adds table" on the rate sheet. For example, "0.600".

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WHAT CALCULATIONS ARE USED TO DETERMINE THE INTEREST PAYMENTS?

To view calculations, hover your mouse over items listed in the "Paydown Summary" section on the right side of the screen. In the displayed calculations, the numbers you see will be specific to your scenario. Please note that because we use actual days of the month, assuming a January start date to determine interest changes, you may see month-to-month differences.

THERE IS NO PLACE TO PUT A MORTGAGE PAYMENT

The calculator assumes that there will be one new mortgage payment. If your client has a mortgage payment from another property, it can be added to the scenario in the "Other" field in the "Itemized Spending" section.

WHAT IS THE DAILY TRANSFER LIMIT?

- The transfer process determines the limit:
- ACH using the Northpointe system: $25,000 per day and $250,000 per month.
- Transfers from an external bank: The transfer limit is determined by the bank from which the funds are transferred.
- Incoming wire: no limit.
- Outgoing wire: no limit.
- Mobile deposit: $25,000 per check. This limit can be temporarily increased to any amount.

NORTHPOINTE BANK ONBOARDING

Contact: 888-672-5626 **OPTION 4**

Borrower(s) will receive a welcome email from lsaio@northpointe.com that will include a link to setup their checking account and profile, tailored to each specific loan.

Funds will be available the day following the completion of Northpointe Banks activation and onboarding process.