

## 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 1/240<sup>th</sup> 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.

### 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 Comparator](#) to see how you can help your borrowers reach financial freedom—faster and smarter.

### 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.

### **WILL AN 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.