

# Founder buys dream home, keeps his capital working

## How **Presidio Partners** and innovative financing helped

### The situation

Our client was on the founding team of a digital media start-up. As part of their Series B round, he had an opportunity to take \$6m off the table. This allowed him to purchase his dream home in Santa Monica. But he had several concerns:

- Having taken a smaller salary while growing the business, his income history limited the amount he was approved via a traditional mortgage to \$1m.
- He didn't want to have to use all of the proceeds for a down payment.



### The strategy

Our client needed more flexibility than traditional banks offered, so we worked with our UBS Private Mortgage Banker to provide a truly customized solution. We recommended that he:

- Move his assets to UBS, which qualified him for the UBS Premier Pricing<sup>1</sup> rate on a jumbo loan.<sup>2</sup>
- Use the UBS MortgagePlus program to pledge his eligible securities as collateral. While this program allowed him to finance up to 100% of his home's value and keep his portfolio working for him, if the value of the pledged securities decreases below a certain level, the deposit of additional securities and/or the sale of securities may be required. Additionally, a default on the mortgage loan could result in both the loss of the home and pledged securities.<sup>3</sup>

### \$4m purchase with maximum traditional loan allowed, based on income vs. UBS MortgagePlus

	Down payment required <sup>4</sup>	Assets remaining after down payment
UBS MortgagePlus	\$0	\$6,000,000
Traditional mortgage	\$3,000,000	\$3,000,000
		<b>\$3,000,000 Incremental investable assets remaining</b>

### The future

As his company keeps growing we continue to uncover ways to add value with personalized advice and solutions.

Contact us to further discuss suitability of these products as part of your overall wealth management plan.


<sup>1</sup> Required minimum assets must be held at UBS at least 10 days prior to closing. UBS Bank USA Premier Pricing only applies to loans up to \$10 million. For loans over \$10 million, consult your Banking Solutions Consultant. UBS and its affiliated companies offer various investment products and banking products into which the net new money you deposit in your UBS account can be invested. Banking products include, but are not limited to, loans and certificates of deposit. Please consult your Financial Advisor for more detailed information on each product available.

<sup>2</sup> Jumbo loans are generally above \$417,000 (or in certain locations, \$625,500).

<sup>3</sup> The UBS MortgagePlus program requires the pledge of eligible securities in a UBS brokerage account as additional collateral. 100% financing may not be appropriate for everyone and a default on your mortgage loan could result in both the loss of your home and your pledged securities. If the value of the pledged securities decreases below a certain level (as specified within the loan documents), the deposit of additional securities and/or the sale of securities may be required (known as a "collateral call"). UBS may sell some or all of the pledged securities without contacting you. You are not entitled to an extension of time to meet a collateral call or to choose which securities are sold to meet the collateral call. Trading of the pledged securities is subject to certain restrictions. The sale of securities may result in adverse tax consequences and mortgage interest may not be deductible if tax-exempt obligations are pledged as additional collateral.

<sup>4</sup> Based on the client's income history and current earnings.

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