



INVESTING HOME EQUITY IN SECURITIES INFORMATION YOU SHOULD KNOW

Liquefying your home equity to invest in securities may create significant and unique risks. This disclosure includes some things you should consider and understand. Questions should be referred to your registered representative or the office manager.

1. An investor may lose his or her home if the investments are relied upon to meet mortgage or equity loan payments.

If a homeowner takes out a mortgage or equity loan to invest in securities on the assumption that the return from the investments will be sufficient to cover the mortgage or equity loan payments, and the investment fails to earn the necessary rate of return, the investor may be unable to meet his or her obligations and default on the mortgage or equity loan.

2. There is a risk of increased mortgage or credit obligations and loss of value in the securities purchased.

Liquefying home equity may result in increased mortgage payments or create a new obligation in the case of a home equity line of credit. Investors must determine they can assume higher payments and withstand the risk of potential losses if the purchased securities go down in value.

3. Variable interest rate mortgages or home equity loans may result in increased payments.

If the investor chooses a variable rate mortgage or home equity loan, future increases in interest rates could force the sale of investments to meet higher payment obligations.

4. Liquefying home equity may undermine the asset diversification benefit of home ownership.

While home values fluctuate, they may not be correlated with equity or securities markets. Home ownership and equity in a home may be more likely to maintain the owner's value as opposed to securities which may more easily result in losses.

5. Your broker may earn other fees or commissions if you liquefy your home equity.

Your registered representative or the firm may earn fees or commissions from any mortgage or refinancing in addition to commissions earned on securities investments you may purchase.