

Morgan Stanley






PRIVATE BANK, NATIONAL ASSOCIATION

Home Equity Loan and Home Equity Line of Credit

What You Need to Know

Morgan Stanley offers a suite of mortgage solutions including a Home Equity Loan and a Home Equity Line of Credit. Both options allow you to borrow from the equity you have built in your home, providing you with cash when you need it for home improvement projects, large expenses and more.

Below are the key differences between the two to help you choose which option is right for you.

	HOME EQUITY LOAN	HOME EQUITY LINE OF CREDIT
What it is	A second mortgage and closed-end loan determined by the equity in your home	A revolving line of credit against the equity in your home
Interest you pay	 Pay interest on total loan amount with monthly payments during repayment period	 Pay interest only on the amount you draw
Cash available at closing	 You will receive a one-time lump sum only	 Up to available credit line ¹
Draw money as needed	N/A (You will receive a one-time lump sum only)	 Can only make draws during the specified draw period
Rate/Term	Fixed, interest-only, ² or adjustable rate options	Variable rate only, determined at time of draw (may be dependent on prime rate)

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¹ Texas has a \$4,000 minimum draw requirement at closing.

² Interest-only loans enable borrowers to make monthly payments of only the accrued monthly interest on the loan during the introductory interest only period. Once that period ends, borrowers must make monthly payments of principal and interest for the remaining loan term, and payments will be substantially higher than the interest-only payments. During the interest only period, the total interest that the borrower will be obligated to pay will vary based on the amount of principal paid down, if any. If a borrower makes just an interest-only payment, and no payment of principal, the total interest payable by the borrower during the interest-only period will be greater than the total interest that a borrower would be obligated to pay on a traditional loan of the same interest rate having principal-and interest payments. In making comparisons between an interest-only loan and a traditional loan, borrowers should carefully review the terms and conditions of the various loan products available and weigh the relative merits of each type of loan product appropriately.

The interest rate and payments on an adjustable rate mortgage ("ARM") loan may increase over the life of a loan as interest is fixed for a specified period and then will adjust periodically thereafter. The annual percentage rate may increase after consummation of the loan.

"Home equity" refers to a home equity loan that is a second mortgage that allows you to use the equity in your home as collateral to borrow money. "Home equity," as referenced here, is not a line of credit but a closed-end loan. The funds are loaned to you as a lump sum at a fixed or adjustable interest rate, and you make your monthly payments during a repayment period.

Residential mortgage loans/home equity lines of credit are offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. With the exception of the pledged-asset feature, an investment relationship with Morgan Stanley Smith Barney LLC does not have to be established or maintained to obtain the residential mortgage products offered by Morgan Stanley Private Bank, National Association. All residential mortgage loans/home equity lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. Rates, terms, and programs are subject to change without notice. Residential mortgage loans/home equity lines of credit may not be available in all states; not available in Guam, Puerto Rico and the U.S. Virgin Islands. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is an Equal Housing Lender and Member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. Nationwide Mortgage Licensing System Unique Identifier #663185. The proceeds from a residential mortgage loan (including draws and advances from a home equity line of credit) are not permitted to be used to purchase, trade, or carry eligible margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; or to make payments on any amounts owed under the note, loan agreement, or loan security agreement; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.

3/6M, 5/6M, 7/6M, 10/6M adjustable rate mortgage ("ARM") loans are based on the Secured Overnight Financing Rate ("SOFR") 30-Day Average.

The lending products described are separate and distinct, and are not connected in any way. The ability to qualify for one product is not connected to an individual's eligibility for another.

Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking-related products and services.

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