WHAT IS A HOME EQUITY LINE OF CREDIT?

A home equity line of credit is a loan that uses your home as collateral – this type of loan typically results in lower interest rates, since it's based on the equity of your home.

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DID YOU KNOW?

One of the most common reasons people take out a home equity line of credit is to pay for home improvements.

WHEN MIGHT I BE ELIGIBLE FOR A HELOC?

Debt < Value

When the amount you owe on your home is less than the value of your home. You can typically borrow up to a certain percentage of the value of your home minus the amount owed.

HOW HAVE HELOCS BEEN IMPACTED BY THE NEW TAX LAW?

Homeowners can continue to deduct the interest on a home equity loan, line of credit or second mortgage when the proceeds are used to substantially improve their residence.

ADVANTAGES

- Flexibility in when and how much you can borrow
- Lower interest rates
- Tax Deductibility

DISADVANTAGES

- Could put your home at risk if debt can't be paid back.
- Subject to the loan being frozen if the value of your home declines
- Potential for over spending

Sources:
-"What you should know about home equity lines of credit." CFPD
-"5 Good Reasones to Tap Your Home Equity." Nerd Wallet
-"Consider a Home Equity line of Credit." Houselogic

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