



Smart Ways to Use Home Equity Line of Credit for Home Improvements

If you are a homeowner and have paid your mortgage down, you may have access to a substantial amount of equity that you can utilize through a home equity line of credit.

What is a Home Equity Line of Credit (HELOC)?

A HELOC is a line of credit secured by your home. Unlike a closed end home equity loan that is a one-time loan with a fixed rate, a HELOC is a revolving line of credit with variable interest rates. HELOCs works like a credit card, you can take out multiple advances, however big or small, within the approved credit limit and draw period as long as you are making your payments on time.

Because a HELOC uses your house as collateral, it is most commonly used for major expenses such as home improvements, education, medical bills, or consolidation for other debts rather than for small, day-to-day expenses.

If you are planning home improvements, a HELOC may be an excellent option for you. Some advantages of utilizing a HELOC may be:

- **Access to Funds:** You have access to a significant amount of money to help cover large expenses such as home improvements, education, medical bills, debt consolidation, and more.
- **Tax Deductible Interests:** The interest you pay on HELOC may be tax deductible if the loan is used to improve or maintain the value

of your home that secured the loan. Please consult your tax advisor for details on tax deductible interest.

- **Low Interest Rates:** Typically, a HELOC has lower interest rates than personal loans or credit cards because it is secured by the equity of a house. When planned wisely, a HELOC can be one of the most efficient ways of financing for homeowners.
- **Borrowing Flexibility:** A HELOC can be used to draw as much or often as you want within the approved amount of credit and draw periods without reapplying.
- **Revolving Credit:** As you pay down the principal, more credit becomes available for borrowing.

Whether you want to increase the value of your home or customize it to your liking, there are many ways to improve your home. Here are some home improvement ideas for this fall using HELOC funds:

- Adding more living space such as an extra bedroom, sunroom, kitchen, bathroom, etc.
- Renovating the kitchen or bathroom
- Repairing an area that is damaged or beyond its lifespan
- Improving lighting
- Replacing flooring
- Applying new paint or wallpaper
- Replacing old garage doors
- Installing solar panels
- Landscaping
- Finishing basement
- Building or improving outdoor living space such as a fire pit, outdoor kitchen, patio, etc.
- Incorporating smart home devices such as smart thermostats, door locks, lighting, etc.

A HELOC can be a convenient way to access needed cash; however, you should weigh carefully the costs of a HELOC against the benefits.

Because you are using your home as collateral for a HELOC, failure to repay the amounts you've borrowed, plus interest, could mean the loss of your home.

If you are interested in applying for a HELOC, review this resource on [What You Should Know About Home Equity Line of Credit](#) prepared by the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau.

Ready to apply? Go to [our HELOC page](#) to submit online application. For more inquiries, give us a call at 765-659-9226. Happy home improving!



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