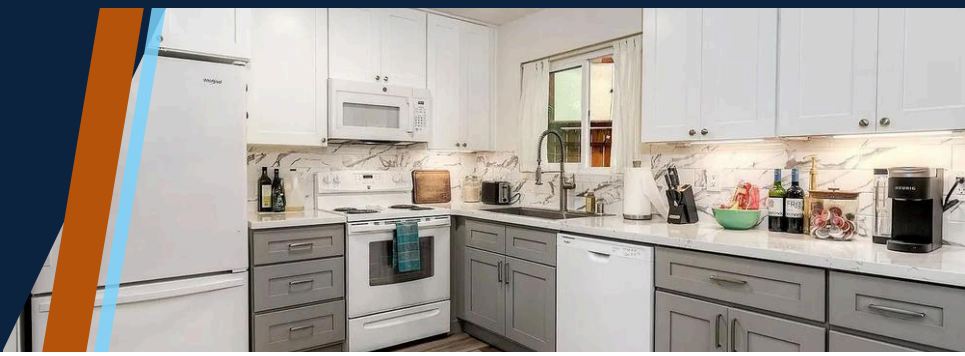
Take The Rate
HOME TO LOWER RATES

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HELOC vs Home Equity Loan

Three ways to tap your equity without touching your first mortgage.



SIDE BY SIDE

	HELOC	FIXED RATE HELOC	HOME EQUITY LOAN
HOW YOU GET MONEY	Draw what you need, when you need it	All of it at closing, then redraw what you pay down	All of it at closing
RATE	Usually variable, moves with the market	Fixed on each draw; every redraw gets that day's rate	Fixed for the life of the loan
PAYMENT	Changes with your balance and the rate	Steady on each draw, goes up when you redraw	The same every month
INTEREST CHARGED ON	Only what you have drawn	The full amount from day one	The full amount from day one
BORROW AGAIN?	Yes, while the line is open	Yes, for a set number of years	No, one and done
BEST FOR	Projects paid in stages, uneven costs, a standby cushion	A known cost now, a fixed rate, and room to reuse it	One known cost: a remodel bid, debt payoff, a big purchase

PROS AND WATCH OUTS

	HELOC	FIXED RATE HELOC	HOME EQUITY LOAN
PROS	• Borrow only what you need • Reuse it as you pay it down • A cushion even if you never draw	• Fixed rate on what you take • Pay it down and use it again • Often quick to close	• Fixed rate and fixed payment • Protected if rates rise • A built in payoff date
WATCH OUTS	• Variable rate: payment can rise • Payment can step up later • Line can be frozen if values fall	• Interest on all of it from day one • Upfront fee is common, often added to the balance • Redraws priced at that day's rate • Redraw window varies by lender	• Interest on all of it from day one • Need more later? That is a new loan • Refinancing costs money if rates fall

Limits vary by lender and credit: typically up to 80% to 90% of value combined on a primary home, about 70% to 75% on second homes and rentals. All three are secured by your home.

THE QUICK RULE OF THUMB

One known cost and you want certainty: home equity loan. A known cost now with room to reuse it: fixed rate HELOC. Costs in stages or a standby cushion: HELOC. All three leave your first mortgage alone. Want a line that replaces your mortgage? Ask about the first lien HELOC.



Let's run your real numbers.

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Scan to see how much equity you can tap

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