

3 Loans to Improve Your Home

Home Equity Line of Credit

This type of credit allows you to borrow money against the value (equity) you've built up in your home.

What you need to know:

- Draw money as you need it, and you'll only pay interest on what you've drawn
- Adding a HELOC to your credit history and making on-time payments can boost your credit score
- Consult your tax advisor to determine if interest paid is tax deductible
- Typically, interest rates are adjustable, so your rate could increase along with your payment

Home Refinance

This is a new mortgage, but it allows you to secure a lower interest rate, adjust term length, or tap into your equity and use that cash for home improvements.

What you need to know:

- Having an existing mortgage doesn't guarantee approval
- May provide an opportunity to convert an adjustable rate mortgage into a fixed rate
- Final cash amount will be based on your home's current value and your remaining loan balance
- Because it's a new loan, there will be closing costs

Personal Loan

This is an unsecured loan, meaning there is no collateral required. Collateral is an item you pledge to forfeit if you default on payments, which provides insurance to the lender.

What you need to know:

- Typically, you won't be approved to borrow as much as you could with a loan tied to your equity
- Interest rates will likely be higher than traditional mortgage loan rates
- Without collateral, you're not at risk of losing your home
- Can help finance smaller improvements or repairs

