



The Best Uses for a Home Equity Mortgage Loan

If you are a homeowner, there is no doubt that you have seen all sorts of advertisements for loans to help you capitalize on your home equity. There are cash-out refinance loans that allow you to create a new loan to pay off your original mortgage and then take out a little extra based on how much equity you have built up in your house. There are also home equity lines of credit (HELOCs) that allow you to withdraw money from your equity like you would with an ATM card. Both of these loans have the same idea at heart: they let you borrow against the equity you have already accrued in order to pay for certain expenses now. These are very popular today and you might want to consider getting a home equity mortgage if you have any of the following expenses to finance in the near future.

Home Improvement

You can get loan specifically for home improvement projects, but a home equity loan is great because it is secured debt and you can usually get a lower interest rate on it than with a home improvement loan. The nice thing about using your existing equity towards home repairs, renovations, or remodeling is that these undertakings add to the value of your home and can end up increasing your equity in the end. This will also be a great boon when it comes time to sell your home. You will fetch a higher price for a home that has been well maintained and updated.

Debt Consolidation

As more and more American consumers get lured into the attractiveness of credit card and other installment debt, more and more people are in need of help to cut down on these debts get back on financial track. Another nice thing about home equity mortgage loans is that the money can really be used for anything. One of the best uses is to consolidate all that debt by using the equity loan to pay off the other debt, leaving you with just the monthly payment on the equity loan. There is a good chance that the rate on your home equity mortgage will be much lower than your credit card interest rate or even car loan rate. Plus, the interest you pay on a home equity loan is tax deductible; other forms of interest are not.

Tuition

Tuition costs for colleges around the country are constantly rising, making it difficult to obtain higher education. A home equity mortgage loan can help with this problem. If you have a lot of equity built up, you can put the money towards tuition for your son or daughter, or your own education as the case may be. Again the low interest rate and the tax deductions make this an attractive method of payment.

Business Capital

Another popular purpose of equity home loans is for starting a new business. Unsecured loans can be very pricey because of the risk, but tapping into your home equity may be a great way to get the capital you need for the lowest price. The risk though, is if your business fails, you will be hard pressed to repay that equity loan, so be wise in your investment.



There are many other reasons you might take out a home equity mortgage. People often use their equity to buy a new car, or to pay for a child's wedding. The safest uses of your hard earned equity are, of course, those that are actually investments and will either save you money or create money for you in the future. Talk to your trusted mortgage professional if you think a home equity mortgage loan could be the right choice for you!