

The benefits of a HELOC

As much as we like to grumble about it, debt can sometimes be a blessing. And if we choose the right kind of second mortgage, such as a home equity line of credit (HELOC), borrowing money doesn't have to cost you an arm and a leg. Here's why:

1. No closing costs

If your credit is good, you won't pay any closing costs on your loan. That means no application fee, and no closing or appraisal costs. If a lender tries to charge you for these things, take your business elsewhere.

2. No fees when using your HELOC

It's common practice for most checking accounts to tack on usage or check-writing fees. HELOCs are different. You should never have to pay any kind of account maintenance or check-writing fees.

3. Low interest rate

The rate on your HELOC is variable and based on the prime rate, which is relatively low by interest rate standards. When you factor in the loan's tax deductibility, you have access to relatively inexpensive money.

You can use a home equity loan for anything you want. However, they usually get used for some of life's larger expenses because homes tend to have a lot of value to borrow against. For example, you find that a lot of borrowers want to:

- Remodel, renovate, or otherwise improve the house and property
- Pay for a family member's college education
- Fund the purchase of a second home
- Consolidate high-interest debts

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