WHAT'S THE DIFFERENCE?

Home Equity Loan vs. Home Equity Line of Credit

For homeowners, using the equity in your home is a great low-interest financing option. But, there are a couple different options for accessing that equity, and many homeowners are unsure if a **Home Equity Loan** or a **Home Equity Line of Credit (HELOC)** is the best option for them.

Both are secured by your home, and offer rates that are lower than unsecured loans or lines of credit. Both are also good for a variety of financial uses, such as home improvements, debt consolidation and education.

Understanding the difference between these two products will help you decide with option is best for you.

- One time lump sum
- Fixed Interest rate
- Close ended loan

BEST FOR:

- When you need money for one large project or event
- You want a fixed monthly payment that will never change
- You are worried interest rates will increase before you are able to pay off the balance

- Variable interest rate
- Open line of credit with a 5 year draw period and a 10 year repayment.
- Can pull money when needed at any point during the draw period

BEST FOR:

- Access to emergency funds
- Would like cash for ongoing projects, doing home improvements over time
- You plan on using smaller amounts you can pay off as you go along
- You can afford an increased payment if interest rates do go up

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For more information on Sandia Area's home equity products, visit **sandia.org/home-equity-loan** or **sandia.org/HELOC**