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# What is HOME EQUITY

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If your home is worth \$150,000 and you owe \$100,000, then you have \$50,000 equity. Most financial institutions will only lend a percentage of that equity, but there are a variety of loan options available.

## Why Do I Want Equity in My Home?

The equity in your home is considered an asset. For many people, their home is their biggest asset. If you sell your home, the more equity you have, the more money in your pocket! Additionally, you can borrow against that equity to consolidate bills, complete home improvements, cash-out to buy other assets or secure a HELOC for any future needs that may arise.

## How Can I Increase the Equity in My Home?

Anytime you increase the value of your home by doing home improvements, you increase your equity position. Also, simply by making your regular monthly loan payments and paying down your loan, you are increasing the equity available to you. Better yet, pay some extra towards principal whenever possible to accelerate the pay down of the principal balance and gain equity even faster.

## What is a Home Equity Line of Credit (HELOC)?

A HELOC is a loan that functions similar to a credit card, but uses your home as collateral. You have a max credit limit based on the equity available in your home, and you can advance the money and pay down as often as you want during the term of the loan (known as the draw-period). You only pay interest on the amount advanced at any given time.

If you'd like more information about obtaining a home loan, contact your nearest Dakotaland Federal Credit Union Branch location.