

Benefits of a Home Equity Line of Credit

If you are a homeowner, you have the ability to take out a home equity line of credit (HELOC). There are many benefits of a home equity line of credit, and they can be an incredible resource for homeowners.

Before we get to the benefits, let's just cover the basics of what a home equity line of credit is. A home equity line of credit is when you use your home as collateral to take out credit. This money can be taken out as needed and then repaid immediately or over time.

Now, let's move onto the benefits of a home equity line of credit.

Qualification for a Low APR

One of the benefits of a home equity line of credit is qualification for a low [APR](#). This is not necessarily guaranteed, but home equity lines of credit generally have a lower APR than other forms of loans or credit.

The benefit posed by a low APR is fairly obvious—a lower APR means less interest, which means you [save money](#). A home equity line of credit can be one of the cheapest ways to get a line of credit. However, saving money is just one of the benefits of a home equity line of credit.

Flexible Repayment Options

Another benefit of a home equity line of credit are the flexible repayment options. With a home equity line of credit, you have more freedom in how you choose to repay the loan. They can last up to 30 years, and you usually only have to pay interest during the draw period.

This is one of the best benefits of a home equity line of credit. Having flexible repayment options gives you the ability to pay back the loan as it makes sense for you. Some lenders now offer fixed rate home equity lines of credit, which is another great opportunity for homeowners.

Interest Can Be Tax-Deductible

Interest can be tax-deductible, which is another of the benefits of a home equity line of credit. Though the Tax Cut and Jobs Act of 2017 changed the rules a bit, home equity line of credit can be tax-deductible if they are used for [home improvement](#).

The IRS says specifically that the interest payments on a home equity line of credit are tax deductible if they are used to, “buy, build or substantially improve the taxpayer’s home that secures the loan.” This makes home equity lines of credit a great way to secure funds for a remodel or renovation.

You Can Only Borrow What You Need

One of the best benefits of a home equity line of credit is that you can only borrow what you need if you would like to. While most other loans require you to take all the money as a lump sum, you can borrow from a home equity line of credit as you wish.

This can help you avoid overspending; just borrow what you need as you need it, and then you won’t take out more than you actually need. Your monthly payments will be lower if you borrow less than you thought, which is another of the benefits of a home equity line of credit.

Potential Increase of Your Credit Score

Lastly, a home equity line of credit has the potential to increase your credit score. At Golden Eagle Mortgage Group, [our team](#) knows first-hand the importance of a good credit score. Having a home equity line of credit on your credit score can help boost your credit score.

If you want help understanding the benefits of a home equity line of credit, reach out to us today. At Golden Eagle Mortgage Group, we are here to help you with all of your mortgage needs.

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