



HOW TO USE YOUR MORTGAGE

TO FUND BIG PROJECTS

Are you planning a new pool or landscaping project? Maybe a kitchen renovation or addition is in your future? Finding the funds to pay for those bigger projects can be a challenge. We can help.

DO YOU HAVE EQUITY IN YOUR HOME?

EQUITY: the money value of a property in excess of claims or liens against it. - Merriam Webster

One of the biggest perks of home ownership is building equity over time. Our smart mortgage advisors will show you how to use the equity in your home to pay for those big fun projects.

Start by finding out your home's value. How much equity do you have? Contact your realtor (your mortgage advisor can recommend one if you don't have one). The realtor will be able to tell you the current market value of your home.

If the home's value is in excess of the mortgage, you're in luck! That's equity you can use!

Your realtor will be able to give you a ballpark price for the renovations you're planning. If the pricing is in your budget, here are two options to use your home to pay for them.

CASH-OUT REFINANCE

REFINANCE: Paying off one loan with the proceeds from a new loan using the same property as security.

Refinancing pays off your old mortgage in exchange for a new mortgage. Take that updated market value of your home (that you just got from your realtor) and consider it against the estimate for your big project. Maybe now is the time for a cash-out refinance? You can take money out with a cash-out refi and use it for your big project, which could help build the equity in your home.

PRO: There is only one lien against your property. "There is some value in having just one payment every month. And having the tax deduction on that payment" says Erin Finke, senior mortgage advisor.



HOME EQUITY LINE OF CREDIT (or HELOC)

“A home equity line of credit is different than a cash out refinance. It is a second loan on your property” says Finke.

PRO: “The great thing about a line of credit as you pay it down is you can access it again,” says Finke. “With a home equity line of credit you can go up to 100% [value of the home]”.

HOW TO DECIDE?

This can be overwhelming. Our mortgage advisors can help you make this big decision. There are several elements at play: different personal qualifying details and lender rules may make a difference.

ALWAYS BE IN THE KNOW

Knowing the value of your home helps you understand your mortgage better. We like to send our clients a monthly email with an updated value of their home. It helps you manage your most important asset and shares tips on how to save money for the next big project.

CHECKLIST

- Call your realtor and get an updated home value.
- Ask your realtor for a ballpark estimate of what they think your project would cost.
- Call your mortgage advisor.
- Start on your project!