

## **What is Home Equity?**

Home equity is the appraised value or market value of the home minus what you owe on your mortgage.

## **How Much Home Equity Do I Have?**

To figure out how much equity you've built in your current home, subtract the amount that you owe on your home loan from your home's estimated market value and the leftover amount will be the current home equity. For example, if the market value of your home is \$200,000 and you owe \$50,000, you have \$150,000 in home equity.

## **How Do I Build Home Equity?**

You build equity when the value of the property increases and the amount of debt decreases. The longer you stay in your home, the higher the value of the home and the more equity that is built. Additionally, your monthly mortgage payments reduce the amount of principal and build more valuable equity. Making an extra payment can even help build equity faster!

## **How Can I Use the Equity of My Home?**

Borrowing against the value of your home, with your home as collateral, and applying for a low-rate home equity loan can give you access to a lump-sum that can be used for improving your home or consolidating debt. You can also use the money to pay for education expenses or even to buy a second home!

## **What are the Benefits of a Home Equity Loan?**

The benefits of a home equity loan may include lower interest rates and potential tax savings. Since a home equity loan is secured, the average interest rate is typically lower than what you'll pay on any other form of unsecured debt. Home equity loans also offer potential tax savings as interest payments may be tax deductible, but you should consult your tax advisor as to the deductibility of your interest first.

## **What Else Should I Consider?**

Before applying for a [home equity loan](#), make sure that this is the type of loan that makes sense for you. If you are a responsible borrower with a steady income, a home equity loan can be a great option because it offers flexibility in what costs it can help cover, those larger expenses. Learning all these home equity loan facts and preparing a detailed plan of all your expenses and income before getting the loan can help keep you on track.

The possibilities are endless with a CFCU home equity loan with low rates, affordable payments, and quick, local responses. Our home loan specialists are available to answer any more questions that you might have. Once you decide to make home happen, we'll be there for you!

*\*All loans subject to credit qualification and approval. The property must be in the United States. Certain fees and conditions apply. CFCU is an Equal Housing Opportunity lender.*