

Understanding differences between a HELOC and a home equity loan

A home equity line of credit (HELOC) and a home equity loan may seem similar on the surface. Both provide you access to funds by borrowing against the equity you've built in your home. However, they function differently, and it's important to understand the specifics so you can make an informed decision about which option is best for your unique needs.

A HOME EQUITY LINE OF CREDIT



May have a fixed or adjustable rate, making it more flexible in terms of aligning with your budget and needs.



Allows you to access money when you need it, so the funds can be used on your timetable.



Has payments that can change each month, depending on when you use the line of credit and the current interest rate, which means you need to pay more attention to your account balance and amount due.

A HOME EQUITY LOAN



Tends to have a fixed rate, which is less flexible but more predictable.



Provides funds in a one-time advance, which can be helpful when funds are needed all at once.



Features consistent payments each month, meaning it's easier to budget and to plan for repayment in the long term.

Accessing your home equity can help you make large purchases, remodel or renovate your home, or consolidate your debt. Consider the features of each option and speak with a financial professional to help determine if home equity financing is right for you.



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