

# Paying for Improvements

Making improvements to your home can be a costly task.

The materials and contractor labor can add up quickly. That's why it's important to look at every angle of the financing options that may be out there for you.

Read on for a few different methods you should consider when tackling the cost side of your home improvement projects.

## PERSONAL LOANS

Getting a personal loan from your local bank or credit union is a great option for mid-size projects on your home. Renovations like a bathroom makeover, a new barn or window replacements are generally prime examples of projects that make sense for securing a personal loan with relatively low interest rates.

Why use a personal loan? The right loan can help cover some of the costs or pay for the entire project, allowing you to keep more of your savings or cash reserves intact.

Personal loans are easy to find. You can apply for a personal loan through banks and credit unions by setting up an appointment and sharing your needs with a loan advisor.



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Before applying, compare the best personal loan lenders that offer the lowest interest rates. You should also consider their fee structure and repayment terms before signing on the dotted line.

Some things your bank or credit union will be considering are your credit score and overall financial wherewithal. Personal loans are typically unsecured loans, which means you don't need to use your house as collateral to qualify. Your interest rate and qualification are based on other factors like your credit

score and financial history.

Get started today by making an appointment at your local bank or credit union.

## HOME EQUITY LOAN

A home equity loan can make sense if you're looking for a plug-and-play option that is paid out in a lump sum and then repaid over a specific number of years in regular fixed monthly payments. This type of loan, secured by your home as collateral, is also referred to as a second mortgage.

Home equity loans can fund

home improvement financing, or also help with other larger purchases or the consolidation of debt.

Stability is one of the most beneficial characteristics of a home equity loan. Once you lock in your fixed interest rate, your monthly payment amount never changes.

## HOME EQUITY LINE OF CREDIT (HELOC)

Another popular option for financing home improvements are HELOCs. This is a secured loan backed by your home collateral, so you can

typically qualify for lower interest rates than you would for an unsecured personal loan.

HELOC loans are great for ongoing or lengthy home renovation projects. Consider the amount of risk you're willing to take on with a HELOC loan. If you don't make payments on time, your home could be foreclosed on. Also, most HELOCs have variable interest rates. This means your payments can increase depending on market conditions.

Talk with a local lender today to see if a HELOC loan makes sense for your project and overall financial goals.

## ADDITIONAL OPTIONS

These loan options are just a few of many available to you, depending on your home improvement financing needs. You can also choose to refinance your mortgage, utilize government loans if you're approved, or use credit cards to take on some of the project's costs.

Be sure to check in with your local lenders, however, to make sure you understand all of the pros and cons of any financial strategy you are considering. Their professional recommendations can help you stay on track for completing your home improvement projects in the smartest financial manner possible.



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### REAL ESTATE 101



## HELOC Fees

HELOC lenders can charge fees that you might not expect if you've never had such a loan before, according to the Consumer Financial Protection Bureau. They include fees for not using the account, an annual fee and an early termination fee. Be sure to read through the loan papers carefully so you are not surprised by fees down the road.

### HOMEWISSE GLOSSARY

**Consumer price index:** A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.  
SOURCE: Consumer Financial Protection Bureau

# AD SPACE