

HOW TO TURN YOUR HOME EQUITY LINE OF CREDIT INTO A FINANCIAL SAFETY NET

Dreaming of financial freedom? Here's how to use your Home Equity Line of Credit (HELOC) to feel secure and confident in your finances.



LET'S START WITH THE BASICS. WHAT IS A HELOC?

A HELOC is a line of credit secured by your home. You can open a HELOC when you originate a mortgage, or you can add one after you've purchased your home.

Each HELOC has two phases:

01

The draw period

During this predetermined amount of time (usually 10-15 years), you can borrow, repay and reborrow up to the limit on your HELOC. During the draw period, you'll only need to pay interest on the amount you borrow — no principal payments are required.

02

The repayment period

At this time, any remaining balance on the HELOC converts to a loan. You'll repay it with regular payments.

HAVING A HELOC CAN BOLSTER YOUR FINANCIAL SECURITY AND OFFER PEACE OF MIND.

For example, it can help you...



Augment your emergency fund,

so you have funds available to cover larger-than-expected emergencies, or have an additional buffer if your emergency fund is already depleted.



Lower your payments,

by using the lower-interest HELOC to pay off higher-interest debts. You can save money on interest along the way, which helps you pay off your debt faster.



Proactively maintain, repair

or upgrade your assets, such as your home or vehicle, so you can maximize their value and help avoid more costly repairs later.

USING YOUR HELOC CAN INVOLVE TAKING ON DEBT — AND DOING SO RESPONSIBLY HELPS AVOID FINANCIAL STRESS.

That means...

Maintaining a healthy emergency fund

A cash buffer, stored in a savings account, should be your first line of defense in a financial emergency. That way, you won't need to dip into your HELOC for every unexpected expense. Aim to keep 3-6 months' worth of expenses.

Only borrowing what you need

Think about the long-term impact when borrowing from your HELOC to help make sure you're truly using it to build financial freedom.



Before using your HELOC, ask yourself:

- Does this decision support my long-term financial health?
- Do I truly need to use credit to cover this expense?
- Will using my HELOC help me save money compared to other sources of credit?

PLANNING AHEAD FOR REPAYMENT



Remember: you'll need to start repaying the principal balance of your HELOC after a set period of time. Consider paying it down early during the draw period to avoid a surprise later.



Need to use your HELOC in an emergency? Consider asking your bank to convert some of the balance to a fixed rate loan within the line of credit to pay it down with monthly payments.

GET THE SUPPORT YOU NEED TO FEEL FINANCIALLY SECURE

Your home can be a powerful tool to boost your financial well-being and provide peace of mind. And whether you're ready to get started, have questions or just want to chat about your options, we're here to help you along your financial journey.

Simply fill out the form below, and one of our representatives will get in touch to help you reach your goals.

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