

Fight For Your Home Equity Loan

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By Jeremy Ranson

Lets explain a bit about home equity line of credit, or HELOC. It's a revolving credit which is limited by the value of borrowers house. It's a secured line of credit so banks are more willing to enter that kind of Each month it gets harder to find home equity loan. You will have to fight for it with all you've got. agreement with you, rather than personal credit. The advantage for you is that with home equity you get lower interest rates when compared to the credit cards and higher rates they have. Rates are lower simply because the lender has a security, the house is an asset which guarantees they will get their money at the end.

The quantity of money that can be taken depends on the value of your house. What's happening last years is that property values are plummeting across the US. Home equity lines of credit that used to help us finance expenses are now in big danger. Since value of house is down, your lender doesn't have a guarantee that they will get their money back. Home equity rate is lower than ever so many people lost their opportunity to use HELOC.

Real estate prices are the biggest problem now and lets see why is that. If you have a house that has a value of \$200,000 and you put a 10% down payment, in one year you could get a HELOC of \$20,000 if your home value rises to \$220,000. But, if the value of your home dropped below those \$200,000 you would lose the opportunity for home equity.

That's what is happening right now more then ever in US history. People can not rely on home equity line of credit anymore since the rates are going down. Both lenders and borrowers are in tight spot right now. Countryside, Chase and Wells Fargo are lowering the limits to their consumers. There is a big number of people who got their credit suspended.

What you need to do?

Be disciplined about your finances and focus on paying of the smallest debts. Take care of the top of debt pyramid and your credit score will rise up. Then you can get better chance at getting a home equity line of credit. Do not enter any new purchases or start a new debts. These are tough times that require responsibility and a long-term thinking.

As you may know, in recent years borrowers could get 120% of their home's value - 100% for primary mortgage plus additional 20% for a HELOC. And right now there isn't enough room to make that kind of move. Lenders are making conservative moves and closing their doors for their own good. There is a cap of 90% of home value for lending, and that includes both primary mortgage and home equity. With that policy at the time when home values are declining, it's really hard to find home equity credit. You need to focus on primary goals to break through these hard times.

You can find more about insurance and other personal finances on Cathy's site about home equity loans and home equity line of credit.

Finance

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