

# Home Equity Loan v. Home Equity Line of Credit;

## Which one is right for you?

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Are you in need of extra cash for home remodeling, landscaping, a family vacation, or possibly a new car? The equity in your home can help provide the additional funds that may be needed for some of those larger expenses in life.

Years ago, when homeowners wanted to free up cash from home equity, they could either refinance the original mortgage loan for a greater amount or get an additional mortgage called a 'second' mortgage. It's called a second mortgage because it creates a second lien on the property.

Today's homeowners have a variety of products to choose from for freeing up home equity for cash. The products generally fall into two categories: home equity loans or home equity lines of credit. When choosing a home equity product, you should consider the benefits of each and whether you prefer a fixed rate or a variable rate.

Todd Cruciani, Vice President of Consumer Lending for Wauwatosa Savings Bank, explains the differences, "A home equity loan generally offers a fixed rate for a specific length of time. One important benefit to the borrower is that the amount of the loan payment remains the same every month and includes a principal payment, which reduces the amount of the loan. If you have a defined need for the money without concern for future financial needs, a home equity loan may be right for you," he says.

Cruciani goes on to say, "A home equity line of credit does not require a payment until the line of credit is drawn upon. Then, the payments are calculated each month based on the balance, and customers are generally required to pay only the interest. The rates are generally variable, and often tied to the current prime rate. One important benefit is that you have the availability of getting cash quickly by writing a check and you are not required to pay down the loan principal. If you do not have an immediate, defined need for the money, but you would like the option of getting money quickly for future needs, a home equity line of credit may be right for you."

Cruciani concludes, "When it comes to home equity lending, one of the most valuable services Wauwatosa Savings offers you is the expertise of our loan officers. Because everyone's financial situations are different, we look at each customer's needs separately. We present and discuss all of the options available to you so that your loan is the one that fits your needs. If you would like more details about your home equity loan or line of credit options, I invite you to speak with one of our home equity specialists."

Wauwatosa Savings Bank was established in 1921. Branch offices are located in Wauwatosa, Franklin/Hales Corners, Germantown/Menomonee Falls, Oak Creek, Oconomowoc, Pewaukee, Waukesha, and West Allis. The bank is FDIC insured and an Equal Opportunity Housing Lender. Visit [www.WSBonline.com](http://www.WSBonline.com) or call (414) 761-1000 for more information.