

## Are You Financially Ready to Improve Your Home?



As winter slowly recedes and spring pokes its head from beneath the snow, it's time to start thinking home improvement. Whether it's updating your kitchen, finishing the basement or some other large-scale renovation, you're going to need a hefty chunk of change. If you don't have it in the bank, you need a loan.

That's why many homeowners turn to a home equity loan or home equity line of credit (HELOC). A home equity loan allows you to borrow a lump sum amount against the equity you have in your house – usually up to a certain amount of its appraised value. Once you've received the loan, you'll begin to pay it back at regular intervals.

A HELOC is a little bit different. Similar to other lines of credit like credit cards, you can use a HELOC in any way or at any time you like. Because you can use it to finance a single large purchase or spread it over several smaller purchase it, HELOCs are useful

for long-term projects or for projects whose cost is widely uncertain. You can even leave the line of credit untapped as a financial safety net if the need for funds ever arises.

Here's why both home equity loans and HELOCs are so popular:

**1. Low interest rates.** Since your house serves as collateral, banks are willing to make home equity loans – whether in lump sums or as lines of credit – at a lower cost.

A home equity loan at [Opportunity Bank of Montana](#) charges interest rates as low as 4.24 percent APR (maximum 7.74 percent APR).\* The interest rate on a HELOC varies, in part depending on the amount outstanding, but it's usually a couple of percentage points higher.

**2. Tax deductibility.** Because home equity loans and HELOCs are borrowed against your home, your interest might be tax deductible. Consult your tax adviser to learn if you qualify for any possible tax reductions due to a home equity loan or HELOC.

**3. The size of the loan.** You can actually finance a large purchase since you're borrowing against a valuable asset. At [Opportunity Bank](#), home equity loans can be as large as \$100,000, or 85 percent of the home's appraised value.

**4. Increased home value.** If you're using your home equity loan or HELOC to upgrade your home, you're increasing the value of your home, which is generally your largest investment. So while you get the satisfaction now of replacing an outdated kitchen with something more stylish, you can also rest well knowing that your home will be that much more desirable when it comes time to sell.

**5. A more comfortable life.** Your home is more than an investment, though. It's also the place where you spend most of your time. A home equity loan or HELOC lets you upgrade your home so that you can enjoy a more comfortable life while you're still living there. Whether it's financing an amazing deck for outdoor gatherings or building an addition to house a growing family, a home equity loan or HELOC lets you live your best life now.

**6. Or whatever you want to spend it on.** With a HELOC, you can use the line of credit your way. That means you can use it to fund a dream vacation, purchase a boat or more.

“A home equity loan or HELOC is a good tool for financing home improvements or even a vehicle purchase because of the availability of funds and the tax deduction on interest,” says Ken Pankratz, a consumer loan officer at Opportunity Bank.

To learn more about Opportunity Bank of Montana’s home equity financing offerings, [visit online](#) or call 1-888-750-2265.

*\*APR (Annual Percentage Rate) is accurate as of publication date. Rate is variable and subject to change at any time without notice. Maximum APR is 7.74 percent. In order to qualify for a stated rate, borrower must have Loan-to-Value of less than 70% and a credit score of 740 or higher. Stated rates apply to Home Equity personal lines of credit secured by an owner-occupied dwelling only. All loans are subject to credit approval and limited to: Minimum new loan amount of \$1,000 with maximum loan amount of \$100,000. Refinancing of existing Opportunity Bank debt requires an additional \$10,000 loan amount. Opportunity Bank Home Equity Loans have an annual fee of \$75. Closing fees such as appraisal, title insurance, and filing fees may apply (Opportunity Bank does not charge a report fee or origination fee). These fees may range from \$13.50 to \$750. Consult your tax advisor regarding any tax deductible status of your loan.*

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