

[MUSIC]

**00:09 Megan:** Financial Wellness doesn't have to be hard- but it does take a little discipline and some good advice. At Golden 1 Credit Union, we're here to help, with unbiased financial advice and education. As a not-for-profit, member-owned credit union, our main goal is to help you reach your goals, whether you're trying to make a major purchase, start an investment fund, or just have some peace of mind. Together, we can be golden!

**00:37 Megan:** Hello! Welcome to The Golden 1 Financial Wellness podcast. I'm Megan.

**00:43 Daniela:** And I'm Daniella.

**00:44 Megan:** Thank you so much for joining us.

**00:46 Megan:** Today, we want to talk about a borrowing option called a home equity line of credit- also known as a HELOC.

**00:53 Daniela:** Don't you have to be a homeowner to have one?

**00:55 Megan:** Yes. A HELOC can be a smart boring option for homeowners, but many people aren't sure what they are. In fact, some people who currently have a home equity line of credit might not fully understand how it works.

**01:09 Daniela:** So... What exactly is a HELOC?

**01:12 Megan:** Basically, it's a type of loan that leverages the equity in your home. And we'll talk more about equity in a minute.

**01:19 Daniela:** Is a HELOC the same thing as a home equity loan?

**01:23 Megan:** Not quite. With a home equity loan, you get a fixed amount of funds at once. But a HELOC is a line of credit- it's a little like a credit card, letting you borrow as much or as little as you want, up to a specified amount. As you pay off what you borrow, your line of credit is replenished, and you can continue to use the funds you have available.

**01:45 Daniela:** What can you use the funds for? Does it have to be something specific?

**01:50 Megan:** Nope. A HELOC can be used to pay for any number of things. A lot of homeowners use them to fund home improvement projects- like a new roof or a landscaping project.

**02:00 Daniela:** Or a swimming pool in the backyard?

**02:03 Megan:** Exactly! But a HELOC can be used for other expenses too, like a wedding or college tuition. Some people even use them to consolidate higher interest debt.

**02:12 Daniela:** How much money can someone borrow with a HELOC?

**02:15 Megan:** That depends on how much equity the homeowner has, because a HELOC is secured by the borrowers home.

**02:21 Daniela:** Okay. I think this would be a good time to explain what home equity is.

**02:26 Megan:** Your home's equity is the difference between what you owe on the mortgage and the home's current value.

**02:32 Daniela:** So if my home is worth \$400,000 and I owe \$200,000 on my mortgage, then I have \$200,000 of home equity?

**02:43 Megan:** Right! And with Golden One's Equity My Way Line of Credit, members can typically borrow up to 80% of their home's equity- from \$25,000 to \$500,000- depending on the value of their home.

**02:55 Daniela:** That sounds pretty good. But how do HELOCs compare to other types of borrowing, like a personal loan or a credit card?

**03:03 Megan:** Well, compared to traditional installment type loans, HELOCs tend to come with lower interest rates, more flexible terms and higher borrowing limit. Depending on what you use the funds for, the interest may even be tax deductible. But, people should check with their tax advisor for more details about that. Plus, with the Golden One Line of Credit, you pay no application fee and no annual fee.

**03:28 Daniela:** What if you're not sure how much money you need to borrow?

**03:33 Megan:** With a HELOC, you don't need to know! You can apply for a line that's a little bigger than you think you need- and you won't pay interest on the funds you don't use. And remember, someone could borrow a little, pay it back, and have the funds ready to use again. With a HELOC you don't even need to know exactly when you'll need the funds. Some people like to have one in place before they know how they'll use it or as an emergency fund.

**03:58 Daniela:** How long does it take to get a HELOC?

**04:00 Megan:** Since the home is used for collateral, there are extra documentation requirements, so it can take a little longer- up to 30 days or so- to get approved for a HELOC compared to some other types of loans. But homeowners can help streamline the process by gathering their application documents ahead of time, like pay stubs, bank statements and a list of current debts.

**04:23 Daniela:** That's a great idea. Is it easy to apply for a HELOC?

**04:28 Megan:** It is with Golden 1! You can quickly apply for the Equity My Way Line of Credit using the Golden One Home Loans app, which even lets you check your application status 24/7 and keep your loan documents in one place.

**04:42 Daniela:** That does sound easy. But how do you access the funds from a HELOC when you need them?

**04:47 Megan:** Once your HELOC account is open, accessing funds is also easy. Our Equity My Way Line of Credit lets you draw money using dedicated checks or a Visa card. Or you can transfer the funds to your checking account.

**05:01 Daniela:** Once you have a HELOC, how long can you keep accessing the funds?

**05:05 Megan:** They're designed to let you access the funds for an extended period of time, from a few months to several years. Golden 1 offers a 14-year, 11-month draw period instead of the standard 10 years. That gives our members more time to use their money. After the draw period, you have 15 years to pay off your balance.

**05:26 Daniela:** How do you repay a HELOC?

**05:28 Megan:** HELOC payments are based only on the funds you use, not your total line amount. But because HELOCs typically have variable interest rates- and you can make multiple draws over time- your monthly payments can change. If you open an Equity My Way Line of Credit though, you have the option to convert all or part of your balance to fixed rate, giving you a stable payment, and you have the option and make lower interest only payments during the draw period.

**05:59 Daniela:** A HELOC really does sound like a smart way to borrow. What else should someone know if they're thinking about applying for a home equity line of credit?

**06:08 Megan:** A good place to start is by reviewing your mortgage statement. That can give you a pretty good idea of your equity- what you owe on your home compared to how much it's worth. It's also a good idea to check your credit. Your credit score and debt to income ratio will help determine the amount of your actual credit line.

**06:28 Daniela:** And it's probably a good idea to review your budget to make sure there's room for monthly HELOC loan or payments.

**06:35 Megan:** Absolutely!

**06:36 Daniela:** Okay, Megan, we've already talked about how easy it is to apply for a Golden One HELOC using our mobile app. How else can our listeners get started with a HELOC from Golden One or get more information?

**06:48 Megan:** They can start by visiting us at [Golden1.com](https://www.Golden1.com) and clicking home equity under the credit cards and loans tab. From there, they can start a HELOC application, learn more about home equity loan products, or get in touch with a home loan advisor.

[MUSIC]

**07:03 Daniela:** I guess that's our show for today! I hope everyone has a better understanding of what a HELOC is and how it can help them reach their financial goals.

**07:11 Megan:** Me to... And remember, if you haven't already done so, you can subscribe to the Golden One Financial Wellness podcast on Apple, Google and Spotify. Plus, you can find a ton of

other resources.

**07:23 Daniela:** Like videos, interactive modules and webcast.

**07:27 Megan:** Just go to the financial wellness tab at Golden1.com.

**07:30 Daniela:** You don't even have to be a member to use them.

**07:33 Megan:** Thank you so much for joining us today, this has been Megan.

**07:36 Daniela:** And Daniela.

**07:37 Megan:** Wishing you financial health and happiness- and as always, reminding you to.

**07:41 Daniela/Megan:** Stay Golden!

**07:45 Megan:** Golden 1 Credit Union is insured by NCUA.

**Thank you for choosing Scribie.com**

Cross-check this transcript against the audio quickly and efficiently using our online Integrated Editor. Please visit the following link and click the Check & Download button to start.

<https://scribie.com/files/f39f8ff8b5bd4b5581a35b2a75159384c89bc267>