

# Outlook on Business

## Getting a line on a good deal

By Linda Hay

If you've ever passed up an extremely good bargain because you didn't have the money, or even experienced the embarrassment of having a cheque bounce when you'd miscalculated your balance, then you should consider a personal line of credit.

A line of credit gives you the convenience of a loan, without having to apply for it or go through the paperwork. You pay interest on only the amount you borrow, for the number of days you use the money, at a lower rate of interest than the rates applied to outstanding credit card balances.

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Here's how a line of credit works. You arrange with your financial institution to have a set amount of money made available to you, should you decide to draw on it. It's like a pre-arranged loan, and to receive the money, you only have to write a cheque on your regular chequing account. In the case of credit union members holding a payment card, the line of credit can apply for such transactions, too.

How much you can draw on depends on your financial situation and your credit rating. Usually, there are no administrative charges, and you receive a monthly statement on your credit situation. Interest is charged only on the amount you've borrowed, not the full line you could borrow, and only for the length of time you have the money. There's a minimum monthly repayment to make, sometimes as low as 5%, but you can pay off the whole amount anytime you choose.

The rate of interest on a line of

credit depends again on your personal credit rating and how the line is secured. Generally, the rate is from 0.5% to 6% above the prime rate.

While a line of credit will never replace a standard loan, it has a number of advantages for today's consumers. Busy people like the convenience, the flexibility and the lack of red tape in the arrange-

ment.

You can take advantage of special bargains on large ticket items like furniture and appliances, without exhausting your credit card limit or paying credit card rates of interest on the outstanding balance. It comes in handy in emergency situations, such as an unexpected car repair or a sudden out-of-town trip. For those who aren't always up to date on their account balance, a line of credit ensures

against overdrafts and the embarrassment of bounced cheques. And it's completely confidential. No one will know you've accessed your line of credit because all you do is sign a regular cheque or make a payment card purchase.

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