

# Show me the money

## Using a home equity line of credit

At one point or another, everyone needs to borrow money. Whether it's for a new car; to renovate your home; to help finance your education; or to take that much needed vacation—borrowing money allows you to achieve things that just can not wait. If you are looking to borrow money these days, you need not look far; especially if you are a homeowner with enough equity in your home. There are several borrowing options available including a home equity line of credit.

Think of it as having your own little bank

What exactly is a home equity line of credit? In simple terms, a home equity line of credit is a form of a revolving credit backed by the portion of the home's value that you own outright. The equity in your home acts as the security for your line of credit reducing the risk to the lender; in return, the lender may be able to offer more favourable terms. For example, the interest rate is usually lower than rates for other types of credit. Think of your home as your own little bank. By using the power of your home equity, you can help secure the funds you need at a lower interest rate. For example with the CIBC Home Power line of credit you can get a lower interest rate to help you save on interest while you borrow. You can access up to 75% of your home's appraised value minus any balance owed on the existing mortgage and any other encumbrances on title. To

illustrate, if you have a home with an appraised value of \$200,000, \$100,000 outstanding on your mortgage and you want to borrow up to 75% of your home's value, you can access up to \$50,000:

There are many reasons for getting a secured line of credit. For some folks, they use it for home improvements; for others, it's for major and everyday purchases. With its lower interest rate and flexibility, a secured line of credit makes it a smart way to pay for vacations, secondary or recreational property and debt consolidation.

How do you know if it's right for you?

You should consider a secured line of credit if you:

- have built equity in your home
- would like to use the equity in your home to your advantage by securing a lower interest rate
- like the flexibility of an interest-only payment option or paying as much as you want
- prefer a reusable source of credit
- want quick and easy access to your funds, i.e. cheques, branch, ABM, telephone or online banking

The CIBC Home Power line of credit is subject to certain terms and conditions. More information regarding it and other lending options is available from your local CIBC branch, by calling 1 800 465-CIBC (2422) or visiting the CIBC website at [www.cibc.com](http://www.cibc.com)

—News Canada



## Borrowing to renovate your home

Is your home looking a little run down? Getting tired of that old kitchen or thinking of knocking down a wall for more space? Home renovations can increase the value of your home (depending on what you are changing or adding), but they can also end up costing a lot too.

If you don't have extra cash sitting around, you may end up borrowing against your home to help pay for the work, using a line of credit or a personal loan. This means the collateral you use to secure the loan (like your home) is at risk if you don't pay back the money. This route could cost you more than you bargained for. Consider

the following BEFORE investing in your home renovations with borrowed money:

- Borrow only what you can afford to pay back.
- Monitor interest rates and inflation – small differences in rates can have a big impact.
- Know the consequences of using collateral as security for your loan.

For more information, read *Borrowing to Invest – Understanding Leverage* online at [www.investorED.ca](http://www.investorED.ca), or contact the Ontario Securities Commission at 1-866-544-5554 to order your free copy.

—News Canada

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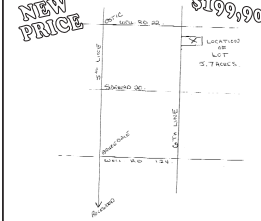
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Custom built 3+1 bedroom bungalow in estate subdivision in quiet Eden Mills. Large .82 acre, very scenic lot. Basement is full walkout. Recent upgrades include new roof, H.E. propane furnace, new cent. air & rebuilt deck. A great family home.

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