Money Matters

Own A Home? You May Be Wealthier Than You Think

(NAPS)—The economy has taken its toll on American households over the last year, leaving many homeowners strapped for cash—but you may not have to be among them. Here's some good news: If you've lived in your home for some time or if it has appreciated in value, you may be sitting on substantial wealth in the form of home equity. In fact, The Wall Street Journal found that homeowners with mortgages hold nearly $10 trillion in home equity thanks to a decade of rising home prices.

If meeting financial obligations is straining your cash resources, now is a good time to explore tapping into your home equity. Here are three options, including an innovation that might be right for you:

Home Equity Loans

A home equity loan is one with a fixed interest rate over a fixed term, using your home equity as collateral. Lenders will take a number of factors into consideration including your combined loan-to-value ratio, the appraised value of your home, and your own credit history. Some homeowners like this option because they can accommodate fixed monthly payments and the additional debt burden. However an increasing number of homeowners have found lenders have tightened their criteria and are unable to qualify.

Home Value Investments

A Home Value Investment, also called home equity sharing, is an innovative offering that emerged 4 years ago. Companies, such as Noah, which offer this product provide upfront funding in exchange for a share of your home's value. Unlike a home equity loan, there

Tapping your home equity is an often overlooked option to free up cash resources.

are no monthly payments over the period of the investment—typically 10 years. At the end of the term, you buy out the investment by refinancing, selling, or with savings. The amount you owe is based on your home value, whether it has gone up or gone down. Some homeowners like this option because it does not require monthly payments or add more debt to their credit reports. However, Home Value Investments are only available in select places, so you should check your eligibility.

Cash Out Refinancing

When you refinance your mortgage to take cash out of your home, you replace your existing mortgage with a larger mortgage, often at a lower rate. To take advantage of a lower rate, you'll pay origination fees and likely have higher monthly payments over time. In times of economic uncertainty, if your home declines in value, you could end up with a mortgage that exceeds your home value.

Learn More

For further information on options to access your home equity, visit www.Noah.co.