

FIRST



Projected annual rise in HELOC costs

Now that the Federal Reserve has finally raised interest rates—and signaled future increases—payments on variable-rate home-equity lines of credit are poised to edge up too. The average HELOC, now at 4.69%, requires a minimum payment of \$516 a month on a typical balance of \$132,000. If the rate hits 5.3% by year's end, as Bankrate predicts, the bill will jump to \$583. Tips to limit the pain:

HOW TO CUT YOUR NUT

COLLECT QUOTES Rates vary widely, so hunt for the best deal. You might also shave a half percentage point off the average rate or eliminate appraisal or other fees by moving all your banking business to your HELOC lender, says HSH.com vice president Keith Gumbinger.

REFINANCE Have a HELOC and worry about rising rates? Roll your debt into a refinanced mortgage or convert it to a fixed-rate home-equity loan, says Daren Blomquist, VP of RealtyTrac. In fact, some fixed-rate home loans cost only about 0.35 percentage points more than a HELOC.

UNDER-BORROW Higher home values mean you can borrow more against your equity, but just because you can doesn't mean you should. Experts suggest holding your total housing debt—including your mortgage and HELOC—below 70% of the property value, even if lenders say you can afford 80%. —BETH BRAVERMAN