



Fleur de Lis

# Sentinel

SECOND QUARTER 2024

FOR REALTORS

## Celebrate National Homeownership Month by Unlocking Your Home's Potential: Understanding Home Equity

Source: Springs Valley's Money IQ - <https://svbt.bank/>



**Owning a home is a major life milestone, but did you know your home holds hidden value beyond just a roof over your head? That value is called “home equity,” and understanding it can be the key to unlocking goals and financial opportunities.**

Maybe you've been dreaming of a kitchen renovation but saving up for the project gets further away every year. Or perhaps you're considering consolidating debt, but you are worried about high-interest rates. Home equity could be the answer you've been searching for.

### WHAT IS HOME EQUITY?

We have all heard that “home is where the heart is,” but what exactly is equity in a home? Home equity is the difference between the current market value of your home and the amount you owe on your mortgage. Think of it as the portion of your home you truly own, free and clear.

To calculate your home equity, you can subtract the amount you owe on your mortgage from the current market value of your home. For example, if your home is currently valued at \$300,000 and you still owe \$200,000 on your mortgage, your home equity would be \$100,000.

### WHY IS HOME EQUITY IMPORTANT?

Home equity is a powerful tool for building financial security and wealth. It can provide financial security, lower interest rates, and even open investment opportunities in the future. By strategically utilizing your home equity, you can:

**Access funds for major expenses.** Tackle that dream home renovation, pay for your child's education, or consolidate debt at lower interest rates.

**Increase your borrowing power.** Home equity products often offer more favorable rates than personal loans, making them a cost-effective way to borrow.

**Invest in your future.** Tap into your home equity to invest in rental properties, businesses, or other wealth-building opportunities.

### HOW HOME EQUITY WORKS

Home equity is flexibility for your economic future because it involves property, something that has potential to be bought or sold. That property value will vary over time, so the amount of money involved will always shift.

**There are two key factors used to decide your equity:**

**Market value:** The market value is the estimated worth of your home based on factors like location, size, and recent sales of similar properties. Appraisals or comparable sales data can help determine this value.

**Mortgage balance:** This is the amount you still owe on your home loan. Every payment you make, especially towards the principal, reduces your balance and increases your equity.

(continued on page 2)

## BUILDING HOME EQUITY

Building your home equity is like growing your financial nest egg. Home equity can increase in two ways: through paying off your mortgage, and through appreciation of your property's value. As you make mortgage payments, you are reducing the amount you owe and increasing your equity.

There are a few ways to build equity as quickly as possible:

- **Make consistent mortgage payments.** This is the cornerstone of equity growth, as each principal payment chips away at your loan balance.
- **Consider making bi-weekly payments.** Splitting your monthly payment into two halves, paid every two weeks, can significantly reduce your loan term and boost equity faster.
- **Make extra payments toward the mortgage.** If you have extra cash, putting it towards your principal can also help lower your balance and accelerate equity growth.
- **Wait for (responsible) appreciation in the local real estate market.** While not guaranteed, rising market values can increase your home's value and, as a result, also your equity.

## RAISE YOUR HOME'S VALUE

The money that you put into your home should always add to the equity, even if it doesn't go toward the mortgage directly. When the value of your home increases, your equity will also increase. The easiest way to preserve your home value is to make sure that you take care of it, inside and out.

- **Keep Up with the Maintenance.** By keeping your home in good condition, you can prevent any potential decreases in equity. Regular maintenance and upkeep of your home will allow you to maintain or increase its value. This includes updates to the landscaping, painting, and promptly repairing any damages. Your goal is to reduce the look and effect of wear and tear on the home.
- **Renovate Your Home.** Strategic renovations to your home can add to your home equity, even when you borrow against it to get the work done. This can include updating outdated features, adding square footage, or improving the overall aesthetic of your property. Even updating the curb appeal of

your home can increase the value of your home and therefore increase your equity.

## HOW TO USE YOUR HOME EQUITY

It is possible you've already paid down some of your principal and built up some equity. Like many people in that situation, you may find yourself wondering: what can you do with your home equity? This is the part where homeownership can get exciting. You can tap into your equity through various financial products, each with its own advantages.

- **Home Equity Loan** - A home equity loan is a fixed-rate loan that provides a lump sum of cash based on your available equity. These loans are ideal for larger expenses, like renovations or sending the kids to college.
- **HELOC (Home Equity Line of Credit)** - A Home Equity Line of Credit acts like a credit card secured by your home, offering a flexible line of credit you can draw on as needed. A HELOC is perfect for ongoing expenses, like the weekend-warrior's home improvement projects, or paying down credit cards.
- **Cash-Out Refinance** - This involves replacing your current mortgage with a new one for a larger amount, pocketing the difference as cash. You can leverage lower interest rates while accessing your equity.

## ALWAYS DO YOUR HOMEWORK

Home equity is an important concept for homeowners to understand. It can provide financial security, opportunities for investments, and lower interest rates. By understanding how to increase and use your home equity, you can make the most of your property and build wealth for the future.

Remember, home equity is a valuable asset, but it's not a free pass. Do your research, understand the risks and rewards, and use it strategically to unlock your financial potential. Numerous online resources and calculators can help you estimate your equity and explore different options.

## QUESTIONS OR CONCERNS?

To learn more about any of these options, contact a Springs Valley Mortgage Lending Officer.



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# Please Join Us!

August Builders Association of Dubois County Monthly Membership Meeting

Sponsored by Springs Valley Bank & Trust Company



**When:** August 20, 2024

**Where:** Dubois County Museum

**Time:** 6:00pm: Cash Bar  
Served by Happy Hour  
7:00pm: Dinner & Meeting  
Catered by Pub N Grub

**Speakers:** Dubois County City Officials & Department Leaders

RSVP by August 16, 2024 to

Megan D'Lee Hopf: [mhopf@svbt.bank](mailto:mhopf@svbt.bank) or 812.634.4967

Tracy Lee: [tlee@svbt.bank](mailto:tlee@svbt.bank) or 812.634.4962, or by scanning the QR code to the right.<sup>1</sup>



Our Mission is to enhance the climate for housing and the building industry. One of the goals is providing and expanding opportunities for all consumers to have safe, decent and affordable housing. Bank NMLS # 412076

<sup>1</sup>Third party fees for internet, messaging, or data plans may apply.

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# Congrats on your promotions!



*Congrats on your Promotion!*



**Christopher M. Manship**

Assistant Vice President & Mortgage Loan Officer NMLS# 416647



*Congrats on your Promotion!*



**Kimberly Ann Seger**

Vice President & Mortgage Loan Officer NMLS# 1707457



*Congrats on your Promotion!*



**Kabrea Buschkoetter**

Vice President & Mortgage Loan Officer NMLS# 214147

# Congrats on your years of service!

*Celebrating*  
**25** Years of Service!



**Tina Qualkenbush**

“ I have been with Springs Valley Bank for 25 years. I started as a loan department assistant and then progressed to a loan officer. I am very fortunate to work at SVB&T because they are adept at promoting from within, providing opportunities for advancement. I love assisting customers in navigating the process of purchasing their dream home. It's always a pleasure to greet customers in the lobby, saying good morning, good afternoon, or asking how their day is. Over the last 25 years, I have developed close relationships with many wonderful people. They are not just my customers or coworkers; they feel like family. ”

*Tina*

**Congrats Tina!**



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# Save the date

**FOR OUR  
AG EVENT**  
FRIDAY  
**December 13, 2024**  
Eddie Edwards Lodge  
at YMCA Camp Carson



SPRINGS VALLEY  
**AgMatters**  
YOUR ALLY ON THE FARM

**DATE:** Friday,  
**December 13, 2024**

**TIME:** 9 am ~ 2 pm CST

**WHERE:** Eddie Edwards Lodge at  
YMCA Camp Carson

2034 Outer Lake Road Princeton, Indiana 47670

Light breakfast and lunch  
will be provided

Formal invitation to follow



**Keynote Speaker:**  
**Dr. David Kohl, Ph.D.**

**TOPIC:**  
Agriculture Today:  
New Era of Prosperity or  
Temporary Opportunity?

Watch the 2023 Ag Event Recap Video & sign  
up for email alerts for the 2024 Ag Event!

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or data plans may apply.



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*Loyal to you, your family,  
and your future.*



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