

HOME FINANCING, SIMPLIFIED

HELOC vs. Fixed Second Mortgage

Two ways homeowners may access equity without replacing the first mortgage.

HELOC

- A home equity line of credit is generally a revolving credit line secured by the home.
- Rates are commonly variable, and the payment can change as the balance or index changes.
- It can be useful when you need flexible access to funds over time rather than one lump sum.

Fixed second mortgage

- A closed-end second mortgage generally provides one lump sum with a set repayment schedule.
- It may offer a fixed rate and predictable payment, depending on the product.
- It can fit a known one-time need when payment stability matters.

Texas has special rules

- Texas homestead equity lending has state-specific requirements that can affect maximum borrowing, fees, documentation, and closing procedures.
- Have the property and existing liens reviewed before choosing a structure.

Keep the first mortgage or refinance it?

Compare the second-lien option with a full refinance based on rate, fees, payment, loan amount, and how long you expect to keep the debt.

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