

# The best time to get a second mortgage

Here are some cases where a second mortgage is a favourable option

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Illustrative image: Towers in Business Bay, along the Dubai Canal  
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A house is an asset as it increases in value and builds equity over time. Homeowners can take advantage of the asset and make some extra money. A second mortgage is an option available for existing mortgage loan holders to get an extra amount to fulfill financial requirements. The second mortgage is nothing but another loan on a house which is already under a loan, so homeowners should opt for it only if it is needed. Despite its benefits, a second mortgage can backfire if you don't get a clear understanding of the product. Here are some cases which can make a second mortgage a favourable option.

### Home renovation

This is the most common reason homeowners opt for a second mortgage. Remodelling a house will add good value to the property as well.

### Debt consolidation

If a homeowner has existing debt like a personal loan, a second mortgage can help clear that. Switching from an unsecured loan to a secured one is not a bad idea. But one has to consider the interest rates. Usually, the interest rates on secured loans are lesser than the unsecured ones. And being a mortgage loan, the finance is also provided for a higher term.

### Alternative to refinancing

Refinancing is like getting a new loan by clearing the older one. On a second mortgage, the interest rates can be quite less in comparison to refinancing, and even the repayment period would be longer. The application process is also simpler.

### Down payment

In the UAE, a minimum of 25 per cent of the property value should be borne by the applicant. In such scenarios getting a second mortgage would be helpful assuming you already are a mortgage loan holder.

### Higher education

A second mortgage can be used to fund higher education expenses. But make sure this new mortgage is affordable than education loans.

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