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Should Owners Have to Bet the House?

By [IAN MOUNT](#)

An [article we've just published](#) focuses on how common it is for small-business owners to tap their home equity to start, expand and maintain their businesses.

Dean Cycon, for one, is a passionate believer in using home equity. “It’s been what made this business what it is,” said Mr. Cycon, 58, founder and chief executive of [Dean’s Beans Organic Coffee](#) in Orange, Mass. Mr. Cyco regularly uses his home for business financing and recently took out \$500,000 in equity loans on his home and vacation houses to pay the cost of raw ingredients for his \$3.5 million-a-year company (he’s since paid the loans down to \$300,000). “That’s stepping up to the blackjack table, isn’t it?” he said. “I stand behind this business; my *house* stands behind this business.”

Using home equity can be both easy and inexpensive. “Here’s the great thing: My home equity loan is 2.4 percent,” Mr. Cycon said. “I can’t get a business loan for 2.4 percent. And using your money keeps the vultures off your back so you don’t have to sell it. I’ve had this company for 18 years, and I’ve never had to give it away for funding.”

Unfortunately, whether because of bad planning or a bad economy, not everyone ends up as happy as Mr. Cycon. To see what can happen when things go wrong, please read the [article](#) — and then tell us: do you have a lien against your house? Do you think it’s reasonable to demand that small-business owners bet the house?