

# Before You Tap Your Home Equity

## A Guided Checklist for Borrowers



**Thinking about using your home equity?** Before you move forward, take a few minutes to walk through these key questions. A little clarity upfront can help you make a more confident financial decision.

### 1. What do you plan to use the funds for?

Home equity can be used for a variety of needs—from improving your home to simplifying your finances. Knowing your goal helps determine the right option.

- Home renovation
- Debt consolidation
- Education expenses
- Major purchase
- Other

### 2. Do you understand your options?

There are two common ways to access your home equity:

- ▶ A **home equity loan** offers a one-time lump sum with predictable payments
- ▶ A **HELOC** provides flexible access to funds over time

I understand the difference between a home equity loan and a HELOC

I know which option fits my needs

I need more information before deciding

### 3. What is your current mortgage rate?

Your current mortgage and rate play an important role in your decision—especially if you want to avoid refinancing.

I know my current rate

I want to avoid refinancing my first mortgage

I'm unsure how this impacts my decision

### 4. How will repayment fit into your budget?

Home equity often has lower rates than credit cards—but it's still important to ensure payments fit comfortably in your budget.

I've reviewed my monthly budget

I understand my potential monthly payment

I'm confident I can manage repayment

### 5. Have you considered the long-term impact?

Using home equity is personal. The more you understand the costs, benefits, and alternatives, the more confident your decision will be.

I understand how this affects my overall financial picture

I've compared alternative options

I feel confident this is the right move