



# Which Is Right for You?

## HELOC vs. Home Equity Loan Decision Guide

Answer each question honestly. Your pattern of answers will point you toward the better product for your situation.

### About your expense

#	Question	If YES → Leans Toward
1	Do you know the exact amount you need?	<b>Home equity loan.</b> Fixed amount, fixed rate, fixed payment.
2	Will you need money at multiple points over the next few years?	<b>HELOC.</b> Draw funds as needed during the draw period.
3	Is this a single, one-time expense (renovation, debt payoff, medical)?	<b>Home equity loan.</b> Lump sum matches one-time needs.
4	Are costs uncertain or likely to change (phased renovation, tuition, business)?	<b>HELOC.</b> Borrow only what you need, when you need it.

### About your financial preferences

#	Question	If YES → Leans Toward
5	Is a predictable monthly payment important to you?	<b>Home equity loan.</b> Fixed rate means the same payment every month.
6	Are you comfortable with payments that could go up or down?	<b>HELOC.</b> Variable rate means payments may fluctuate.
7	Do you want the lowest possible initial payment?	<b>HELOC.</b> Interest-only payments during the draw period are lower than a home equity loan's full P&I payments.
8	Do you worry about the temptation to overborrow?	<b>Home equity loan.</b> You get one disbursement and cannot borrow more without a new application.



## About your timeline

#	Question	If YES → Leans Toward
9	Do you want to be done borrowing quickly?	<b>Home equity loan.</b> One closing, one disbursement, done.
10	Do you want an ongoing safety net or line of credit?	<b>HELOC.</b> The draw period gives you years of access.

## How to read your results

- **Mostly "Home equity loan" answers:** You have a defined need, value payment stability, and want simplicity. [Get home equity loan rate quotes.](#)
- **Mostly "HELOC" answers:** You need flexibility, are comfortable with variable payments, and want access over time. [Compare HELOC offers.](#)
- **Evenly split:** Consider a convertible HELOC, which starts as a credit line but lets you lock portions into a fixed rate. Or get quotes for both products from the same lender and compare side by side.

## Common scenarios at a glance

Your Situation	Better Option	Why
\$40K kitchen remodel with a fixed contractor bid	Home equity loan	Known amount, one-time need, fixed payment
Paying off \$25K in credit card debt	Home equity loan	Lump sum to clear balances, fixed lower rate
Renovating room by room over 3 years	HELOC	Draw funds as each phase starts
Covering college tuition for 4 years	HELOC	Periodic draws each semester
Want an emergency fund without taking on debt now	HELOC	Access available, no interest until you draw
Down payment on investment property	Home equity loan	Need full amount at closing
Starting a business with uncertain startup costs	HELOC	Flexible draws as expenses arise

Know which fits? [Check your rates for both products in minutes](#)