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# Almost a Quarter of Americans Don't Fully Understand Home Equity Loans

But with **\$35 trillion** at stake, are you ready to capitalize on this opportunity?



Insights From Our Nationwide Consumer Survey

**READ THE RESULTS** 

# \$35 Trillion Of Home Equity Is on the Table



## Here's what homeowners are saying:



are most concerned about high interest rates.



are considering a home equity loan this year.



would be more likely to apply if they understood home equity products better.

The collective value of U.S. households' [equity](#) is nearly \$35 trillion, and the average mortgage-holding homeowner is sitting on approximately \$311,000 in equity.

With so much untapped potential, are homeowners planning to access this equity — and what does it mean for lenders?

MeridianLink surveyed 1,500 homeowners to understand their sentiments around home equity lending. The results show that while homeowners are more open to accessing their home equity now than they were in 2022, many still face significant barriers.

- High interest rates**
- Concerns about repayment**
- Confusion around the application process**

The survey findings show there are many ways that lenders can effectively attract and serve this growing market, including:

- Improving education**
- Simplifying the lending process**
- Flexible loan terms & repayment options**

In this report, we'll dive into the findings from this survey, what they mean for lenders, and how you can use this information to guide your home loan strategy and help borrowers make confident, informed decisions.



## The Current Landscape

Over the past five years, [home values](#) have escalated, while tight housing inventory has pushed prices even higher and intensified competition. Many homeowners who locked in historically low mortgage rates are unwilling to sell in today's higher-rate environment, keeping inventory low and driving home equity levels even higher.

At the same time, rising inflation and living costs have more homeowners looking at home equity loans and HELOCs as financial solutions. But despite this growing interest, many remain hesitant to borrow.



28% of homeowners are somewhat or very likely to take out a home equity loan this year, **up from 21% in 2022.**

### The top reasons for hesitation include:



High interest rates

**63%**



Fear of risking homeownership

**22%**



Uncertainty about repayment terms

**18%**

For lenders, this hesitation points to a clear need for better education on home equity loan options. A consultative approach, powered by the right technology, can streamline your lending process and deliver tailored borrower experiences for stronger engagement, increased conversions, and long-term growth.

DISCOVER HOW MERIDIANLINK CAN HELP





## What Motivates Borrowers?

Among those who are considering a home equity loan, their top reasons are practical and personal:

**45%** are motivated by home renovations or improvements.

**16%** want to invest in new properties.

**16%** aim to consolidate debt.

**11%** are looking to create an emergency fund.

**5%** would pay down medical expenses.

These numbers reveal that many borrowers view home equity as a path to improving their financial stability and personal comfort – **but they need help getting there.**



## The Factors That Matter Most to Borrowers

Affordability remains the dominant factor in choosing a lender, but it's not the only one:

**72%** prioritize competitive interest rates.

**43%** consider lender reputation.

**41%** value convenience and personalization.





Specifically, borrowers are drawn to:



Speed of approval and funding

**15%**



Personalized service and guidance

**15%**



Digital tools and ease of application

**11%**

These insights point to a clear takeaway: Lenders that balance competitive rates with a streamlined, consumer-centric experience will have a significant edge.

## The Knowledge Gap: An Opportunity for Lenders

Homeowners' understanding of home equity loans is improving – but there's still work to be done.



**53%** of homeowners now rate their understanding as strong (8-10 on a 10-point scale), up from **43%** in 2022.



**23%** still report an incomplete understanding (0-5 on the scale), though this is an improvement from **38%** in 2022.



Additionally, **16%** of homeowners said they would be more likely to apply for a home equity loan if they had better education on products and repayment structures.



Lenders have a valuable chance to bridge this gap. By offering clear, accessible resources, they can build trust – and turn more hesitant homeowners into confident borrowers.

# How Lenders Can Win More Home Equity Business

Survey respondents made it clear: They want better rates, more flexibility, and a smoother experience. The top three factors that would make homeowners more likely to apply for a loan are:



Lower interest rates (68%)



More flexible repayment options (36%)



An easier application process (18%)

Lenders who can compete on rates, repayment terms, and responsiveness — specifically by leveraging the speed and scalability of digital applications — will be better positioned to effectively capture these growth areas.





# So, What's Your Next Move?

The home equity market is a growing opportunity, and there's a clear path for lenders like you to make an impact. The question is — **are you ready to meet the demand?**

First, ask yourself these **three key questions**:

1

Are you leveraging automation and instant decisioning rules to process home equity loans faster, minimize human error, and improve credit risk assessments?

2

Do you have the tools in place to provide borrowers with real-time loan status updates and clear, transparent communication throughout their journey?

3

Is your technology enabling you to provide personalized support and debt optimization solutions tailored to each borrower's unique needs?



# Then, partner with MeridianLink

Our digital lending technology, automation, and data-driven insights give you the power to confidently answer “yes.” With over 25 years of expertise, we equip you with the tools and support you need to operationalize these opportunities in front of you.



Simplify application processes to speed up approval times and reduce errors.



Offer integrated debt optimization to help borrowers manage their financial needs with personalized solutions.



Enable faster time to fund through instant decisioning and automated workflows.



Provide real-time, personalized borrower engagement that keeps your customers informed and satisfied.



Leverage data-powered credit risk assessments to make more informed lending decisions.



Benefit from cloud-based, scalable technology that grows with your business.



Partnering with MeridianLink means you're not just meeting demand; you're optimizing your lending operations and capturing **your share of the \$35 trillion home equity market.**

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