Financial Consumer Agency of Canada
Agence de la consommation en matière financière du Canada

Home equity lines of credit

Consumer knowledge and behaviour

Canada

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Ce document est aussi disponible en français sous le titre ***Marges de crédit hypothécaire : connaissances et comportement des consommateurs***.

Purpose

Over the past 15 years, home equity lines of credit (HELOCs) have emerged as the single largest contributor to the growth of household debt in Canada, after mortgages.[1]

HELOCs are revolving, and typically non-amortized, credit products secured by a lien on the borrower's residential property.

The Financial Consumer Agency of Canada (FCAC) recently conducted an online survey of approximately 4,800 Canadians to assess their knowledge, awareness and opinions regarding the key terms, conditions, fees, and risks associated with HELOCs and readvanceable mortgages. This report presents key findings from the survey, which is a follow-up to FCAC's 2017 report *Home equity lines of credit: Market trends and consumer issues*.

FCAC undertook the survey to:

- Assess the level of consumer knowledge about HELOCs
- Identify product characteristics and risks that may not be adequately understood by consumers
- Gather behavioural data on how Canadians are using HELOCs

Survey Findings Highlights

- Most respondents scored less than 50% on their knowledge of HELOC terms and conditions
- More than any other age groups, 25-34 year olds said they:
    - made interest-only payments on their HELOC
    - often used HELOCs to meet payments on their other debt
    - would struggle if their payment increased by $100 per month
- More than 25% of respondents routinely made interest-only payments. However, 62% of these borrowers expected to repay their HELOC in full within 5 years
- Renovations, debt consolidation, vehicle purchases and daily expenses were the main uses of HELOCs. Most respondents used their HELOCs as they planned, but 19% borrowed more than intended.

[1] Bank of Canada. *Financial System Review: June 2017*. (Ottawa, ON: Bank of Canada, 2017).

Background

Home equity lines of credit

HELOCs are revolving credit products secured by the borrower's residential property. In recent years, financial institutions have increasingly promoted products that combine HELOCs with traditional mortgages under the umbrella of what is referred to as a "readvanceable mortgage." Under readvanceable mortgages, HELOCs are typically combined with traditional amortized mortgages and other credit products such as credit cards.

Today, HELOCs are the largest contributor to non-mortgage consumer debt, more than double that of either credit cards or auto loans.[2]

When used responsibly, HELOCs can benefit consumers through low interest rates, convenient access to funds and flexible repayment terms. However, HELOCS allow consumers to make interest-only payments, which can result in homeowners carrying debt for prolonged periods. In addition, the convenient access to funds and low interest rates can encourage consumers to add to their debt load, thereby increasing stress on Canadian households at a time when interest rates are rising and households are carrying record amounts of debt.

Consumer issues

In 2017, FCAC published a report following an industry review of HELOCs. The report, *Home equity lines of credit: Market trends and consumer issues,* identified four potential consumer issues: over-borrowing, debt persistence, wealth erosion and uninformed decisions-making. [3] The report identified some contributors to these issues such as the complexity of readvanceable mortgage products and HELOCs, a lack of consumer awareness and understanding of HELOCs, and the limited availability of information to help consumers understand how these products work.

Survey methodology

The survey primarily targeted homeowners aged 25 and older who routinely volunteer to participate in online surveys. Survey invitations were targeted towards respondents who owned a house, condo, or co-op. It included consumers who did not hold HELOCs, those who held a HELOC but had not yet used it ("HELOC holders"), and consumers who had borrowed on their HELOC ("HELOC borrowers" or "HELOC users").

While the survey is not representative of the Canadian population as a whole, meaningful conclusions can still be drawn from the sample. A copy of the survey and of the methodological report are available at Library and Archives Canada.[4]

[2] FCAC calculations based on FCAC and Bank of Canada data. For Bank of Canada data, see Bank of Canada, *Selected credit measures (formerly E2)* (No date), https://www.bankofcanada.ca/rates/banking-and-financial-statistics/selected-credit-measures-formerly-e2/, and Bank of Canada, *Funds advanced and outstanding balances for new and existing household lending* (No date), https://www.bankofcanada.ca/rates/banking-and-financial-statistics/funds-advanced-and-outstanding-balances-for-new-and-existing-household-lending/.
[3] Financial Consumer Agency of Canada, *Home Equity Lines of Credit: Market Trends and Consumer Issues* (Ottawa, ON: Financial Consumer Agency of Canada, 2017), https://www.canada.ca/content/dam/fcac-acfc/documents/programs/research-surveys-studies-reports/home-equity-lines-credit-trends-issues.pdf.
[4] http://epe.lac-bac.gc.ca/100/200/301/pwgsc-tpsgc/por-ef/financial_consumer_agency/2018/004-18-e/index.html

Research findings

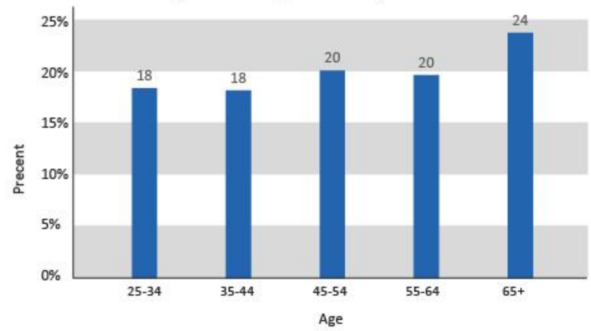
Report structure

This report is divided into two parts. The first section reflects responses from all those surveyed. The second section focuses on responses from HELOC holders and HELOC users.

Demographics–all respondents

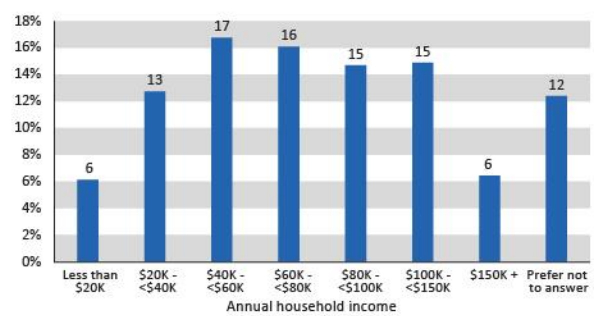
Figure 1 shows the age breakdown of respondents.

Figure 1: Ages of respondants



The majority (52%) of respondents lived in households with annual incomes of $60,000 and greater, as shown in Figure 2. Just over 20% of respondents reported earning $100,000 or more per year, while less than 20% reported annual household incomes below $40,000.[5]

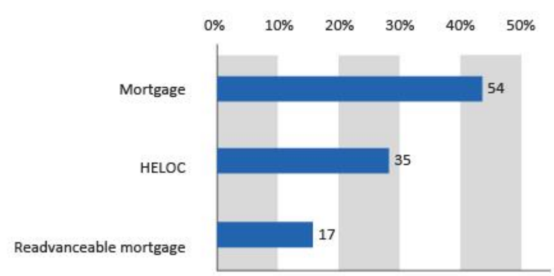
Figure 2: Annual household income of respondents



Almost three-quarters (74%) of respondents were homeowners and owned a house, a condo, or a co-op.[6] As shown in Figure 3, over half (54%) of homeowners in the sample had a mortgage, more than one-third (35%) a HELOC, and just over one in six (17%) a readvanceable mortgage.

Twenty-one percent of homeowners said they had both a HELOC and a mortgage, while 13% of homeowners reported having a HELOC but no mortgage. Fourteen percent homeowners said they had both a HELOC and a readvanceable mortgage.

Figure 3: Percent of homeowners who have a mortgage, HELOC, or readvanceable mortgage



[5] According to the 2016 Census, Canada's median household income was $70,336 in constant 2015 dollars. See https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/inc-rev/Table.cfm?Lang=Eng&T=101&S=99&O=A.

[6] The sample over-represents homeowners. According to Statistics Canada, the homeownership rate in 2016 was 67.8%. See: Statistics Canada, *Housing in Canada: Key results from the 2016 Census* (Ottawa, ON: Statistics Canada, 2017), https://www150.statcan.gc.ca/n1/daily-quotidien/171025/dq171025c-eng.htm.

There were slight differences in the types of debt held by respondents who owned a house and those who owned a condo/co-op. While both were equally likely to have a mortgage (54%), respondents who owned a house were more likely to say they had a HELOC (36% vs. 26%) and a readvanceable mortgage (18% vs. 10%).[7]

Familiarity with HELOCs—all respondents

As shown in Figure 4, 63% were somewhat familiar or not at all familiar with HELOCs, 15% respondents said they were very familiar with HELOCS, and 18% were moderately familiar.

Respondents with HELOCs were much more likely to say that they were very familiar or moderately familiar with HELOCS (Figure 5). Among HELOC holders, 69% were very or moderately familiar with HELOCs, compared to 25% of non-holders.

Figure 4: "On a scale of 1 to 4, how familiar are you about Home Equity Lines of Credit?"

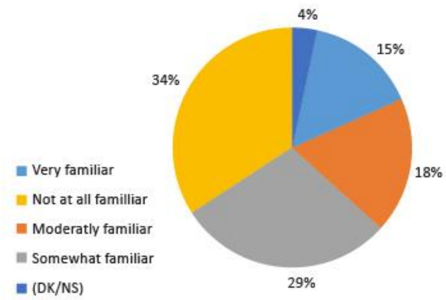
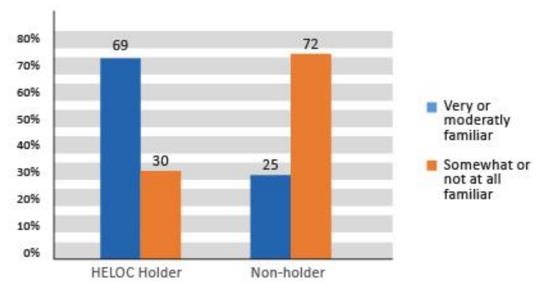


Figure 5: "How familliar are you about Home Equity Lines of Credit (HELOCs)?"



[7] In this paper, all comparisons between groups are statistically significant at p<.05 or lower, with two exceptions identified in footnotes. The first exception is the finding that both house owners and condo/co-op owners are equally like to have a mortgage.

Knowledge levels—all respondents

Overall knowledge

Nine of the survey's questions assessed consumers' knowledge about certain HELOC product characteristics.

As shown in Figure 7, respondents who said they were very or moderately familiar with HELOCs were more likely to correctly answer the knowledge questions, in comparison to respondents who responded they were somewhat or not at all familiar with HELOCs.

Overall, out of nine questions asked, respondents only answered an average of 3 questions correctly. In comparison to non-HELOC holders, HELOC holders generally answered a greater number of questions correctly. HELOC holders provided correct answers to an average of 4 of the questions, compared with 2 for non-HELOC holders.[8]

Figure 6: Number of correct answers of HELOC holders and non-holders

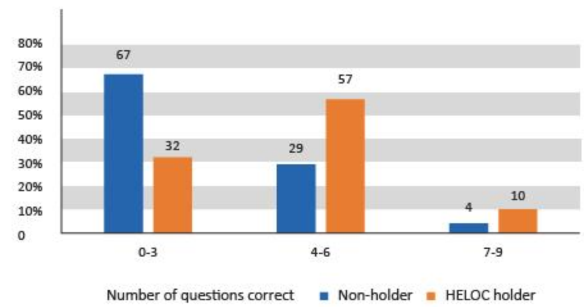
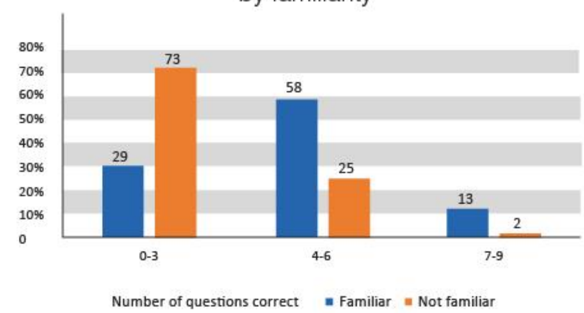


Figure 7: Number of correct answers by familiarity



[8] A poll conducted by Leger Marketing in 2011 found that "Canadians correctly answered only three of eight true-or-false questions (38 per cent) that tested their basic knowledge of how HELOCs work." Like the Leger poll, FCAC's survey found differences in the number of knowledge questions answered correctly by HELOC holders vs. non-holders. See: Lawyers' Professional Indemnity Company, *Canadians Lack Knowledge About Home Equity Lines of Credit, But Only One-in-Ten Seek Expert Legal Advice, Poll Reveals* (November 2011), https://www.titleplus.ca/files/MRheloc112011.pdf.

Responses to individual questions—all respondents

As shown in the table below, most respondents knew that a HELOC is secured against a home and is a revolving credit product. However, consumers demonstrated lower levels of knowledge about:

- when HELOC interest rates could increase
- what maximum loan-to-value ratio was permitted
- whether HELOCs were amortized loans
- whether lenders could require a HELOC to be repaid at any time
- when financial institutions could lower HELOC credit limits

Table 1: Percentage of respondents with correct answer

	HELOC holders (%)	Non-holders (%)	All respondents (%)
A HELOC is secured against a home.	88	59	65
A HELOC's credit limit can automatically increase when a mortgage or other related products are paid down.	50	30	34
Your lender can require you to repay your HELOC at any time.	39	21	25
A financial institution can lower the credit limit on your HELOC at any time.	46	28	32
There are fees to transfer a HELOC to another institution.	45	26	30
A HELOC is revolving credit, like a credit card that you can pay down and re-use.	83	43	52
A HELOC is not an installment loan, like a car loan that you pay down over time.	37	17	22
With a HELOC you can borrow up to a maximum of 65% of the value of the property.	21	11	13
A financial institution can increase a HELOC's interest rate at its discretion.	15	11	14

Survey results—HELOC holders

Overall, about one-third (35%) of total respondents who owned a home, condo, or co-op had a HELOC.

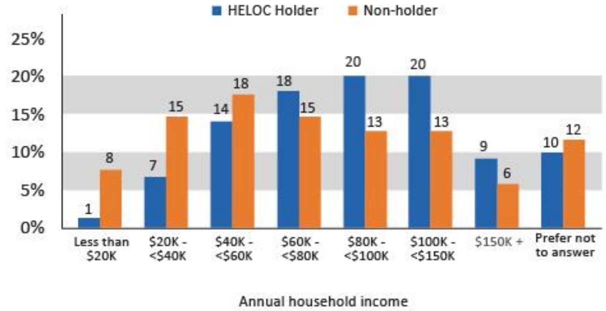
Demographics

The age profile of HELOC holders was similar to non-HELOC holders, with 77% of HELOC holders between 25 and 65 years of age.

Nearly all (91%) respondents with a HELOC owned a house; the remainder owned either a condo or a co-op.

As shown in Figure 8, HELOC holders tended to report higher household incomes when compared to non-holders. Just under a third (29%) of HELOC holders lived in households earning $100,000 or more per year, compared with less than one in five (19%) for non-holders. Eight percent of respondents with a HELOC reported annual household incomes below $40,000, while 23% of non-holders had annual household incomes below $40,000.

Figure 8: Annual household income of HELOC holders and non-holders

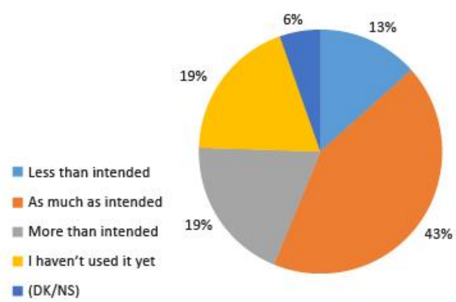


Using HELOCs

About one in five HELOC holders borrowed more than initially intended

Over two-fifths (43%) of HELOC holders sampled considered the amount borrowed to be as much as they had initially intended, while 13% borrowed less than intended, as shown in Figure 9. Nineteen percent had not used their HELOC yet. Nearly one in five HELOC holders (19%) said they borrowed more than originally intended.

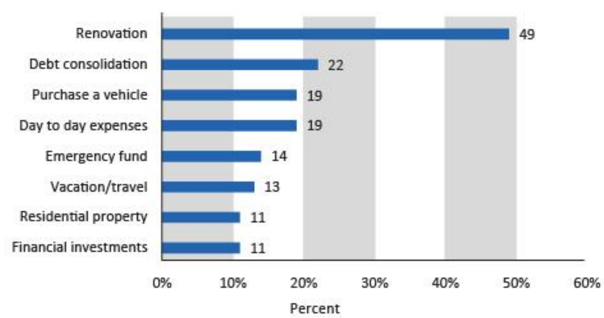
Figure 9: "Considering the amount of money you have borrowed on your HELOC, do you feel this amount is:"



Nearly half of HELOCs used for renovations

As shown in Figure 10, most HELOC borrowers in the sample used their HELOCs to pay for renovations (49%), followed by debt consolidation (22%).[9] The least common uses (not shown) were to buy big ticket items (4%),

Figure 10: "What did you use your HELOC for? Select all that apply."



[9] Respondents were asked to select all that apply. Summing all options will result in totals greater than 100 percent. The responses in this survey are similar to the numbers FCAC reported in *Home equity lines of credit: market trends and consumer issues*.

contribute to down payments on residential property (4%), and for education and training expenses (6%).

Overall, most respondents tended to use HELOCs for similar purposes, regardless of demographic differences such as age or income. However, HELOC borrowers with annual household incomes above $150,000 were more likely to have used HELOCs for financial investment or investment in real estate. HELOC users aged 25-34 were more likely to say they used their HELOC for day-to-day expenses, education/training, and business purposes.

HELOC users borrowed the most to buy residential property

Figure 11 shows how respondents spent HELOC funds. The largest median amounts were for residential properties ($59,800), vehicle purchases ($15,000), and financial investments ($15,000).[10] Respondents borrowed the least for day-to-day expenses ($1,500), education and training expenses ($2,000), business purposes ($2,000), and emergencies ($2,000).

HELOC borrowers who used their HELOC for renovations or debt consolidation responded more often than other HELOC users that they borrowed more on their HELOC than originally intended.

Most HELOC borrowers used their HELOC mainly or only as intended

As shown in Figure 12, a large majority (71%) used their HELOC “only as intended” or “mainly as intended.” One in five (20%) used their HELOC “somewhat as intended,” while a small number (5%) used their HELOC “not at all as intended.”

Figure 13: Use of HELOC by age

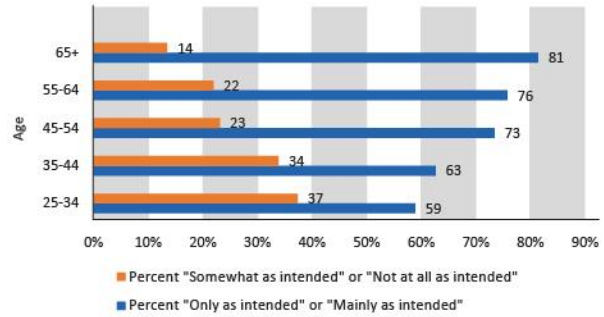


Figure 11: Median and average amount borrowed per category

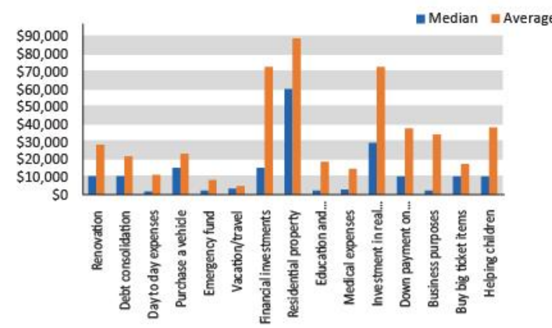
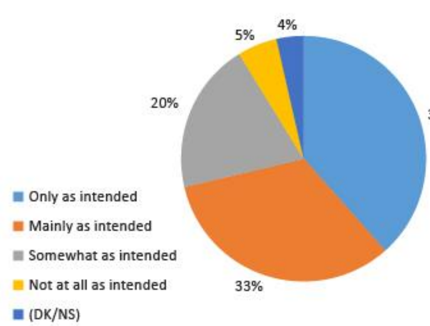


Figure 12: "Did you use your HELOC as you intended?"



[10] All values in this section use the median amount borrowed. Amounts rounded to nearest $100. All values in this section are based on amount borrowed per category. Unreasonable outliers are excluded. The difference between the average and the median amount borrowed shows some respondents had borrowed significantly more than others.

As shown in Figure 13, 81% respondents aged 65 years and older used their HELOC “only as intended” or “mainly as intended.”

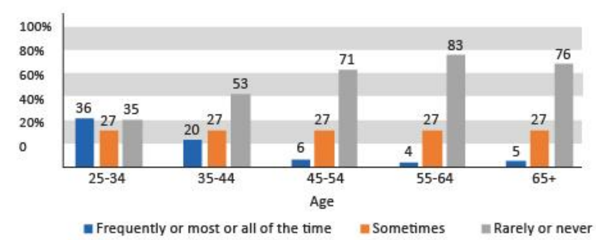
Among younger respondents, 59% of those aged 25-34 said they used their HELOC “only as intended” or “mainly as intended.” When compared with older respondents, more than double the percent of younger respondents (37% vs 14%) used their HELOC “not at all as intended” or “somewhat as intended”.

Some borrowers used their HELOCs to meet payments on other credit products

While most HELOC borrowers (65%) said they “rarely” or “never” used their HELOC to meet payments on other debt (loans, credit cards, or mortgage payments), a minority (13%) said they did this “frequently” or “most or all of the time.” Another 16% said “sometimes.”

As shown in Figure 14, shows that younger HELOC borrowers were more likely to say they used their HELOC to meet other loan, credit card, or mortgage payments when compared with older borrowers. Over one-third (36%) of HELOC borrowers aged 25-34 said they used their HELOC to make other debt payments “frequently” or “most or all of the time.” In contrast, only 15% of respondents aged 45 or older said they did this.

Figure 14: “Please indicate how often you use your HELOC to meet other loan, credit card, or mortgage payments.”

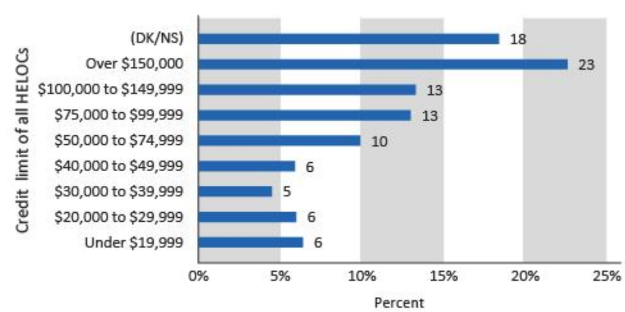


Almost half of HELOC holders had a combined credit limit of $75,000 or more

As shown in Figure 15, nearly half (49%) of the HELOC holders said the sum of their HELOC credit limits was $75,000 or greater.[11] Almost one-quarter (23%) had a total sum of $150,000 or over. A large minority of respondents (18%) responded “don’t know” when asked about the total sum of their HELOC credit limits.

HELOC holders who reported higher annual household income were more likely to have a higher credit limit.

Figure 15: "What is the maximum amount you can borrow on your HELOC?"



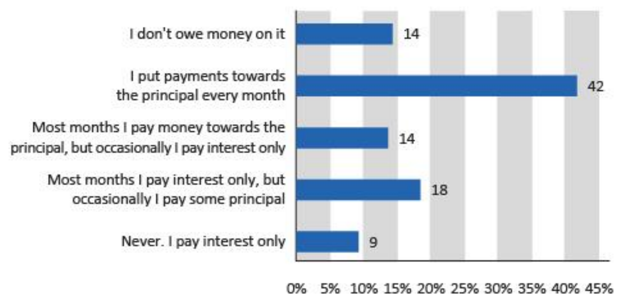
[11] A consumer could have multiple HELOCs related to a single property. For example, a parent might have three HELOCs against her house: she uses and repays one part herself, while the other two parts are used and repaid by her children to cover their car expenses.

Repayment

Over a quarter of HELOC borrowers in our sample pay interest-only most months or every month

Traditional amortized mortgages operate as forced savings vehicles. Making regular principal and interest payments on amortized mortgages allows homeowners to build up equity in their home. Unlike traditional mortgages, HELOCs allow consumers to make interest-only payments.

Figure 16: "How often do you make payments on your HELOC to pay down the outstanding principal?"



As shown in Figure 16, although 42% HELOC users said they pay part of the principal every month, over one-quarter (27%) reported paying interest-only most months or every month.[12]

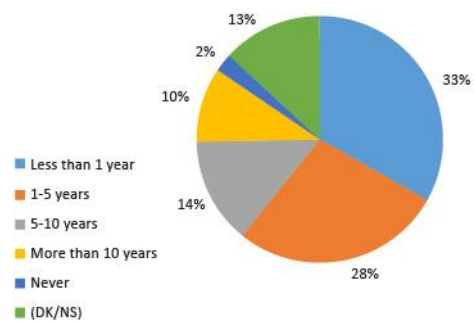
Younger respondents were more likely to say they made interest-only payments. Over four in 10 (41%) HELOC borrowers aged 25-34 said they paid interest-only most months or every month, compared to 24% of borrowers aged 65 and over.

[12] A 2015 survey by Chartered Professional Accountants of Canada found that 41% of households with HELOCs "did not make regular payments that covered both interest and principal to repay the outstanding balance." The likely reason FCAC's findings are lower is differences in the question and options available to respondents when they answered the question. For the 2015 survey and question, see: Chartered Professional Accountants of Canada, *Household Finances in Canada: Time for a Reality Check* (2015), https://www.cpacanada.ca/en/the-cpa-profession/about-cpa-canada/key-activities/public-policy-government-relations/economic-policy-research/household-wealth-debt/household-finances-2015.

Most HELOC users planned to pay off their HELOC within the next five years

As shown in Figure 17, the majority of HELOC users (61%) planned to pay off their HELOC within the next five years, with just under one-third (33%) of borrowers planning to pay it off within the next year and 28% within 1-5 years. Fourteen percent planned to pay off their HELOC in 5-10 years, 10% planned to take more than 10 years, and a small percentage (2%) said they never planned to pay off their HELOC.

Figure 17: "When do you plan to pay off your HELOC?"

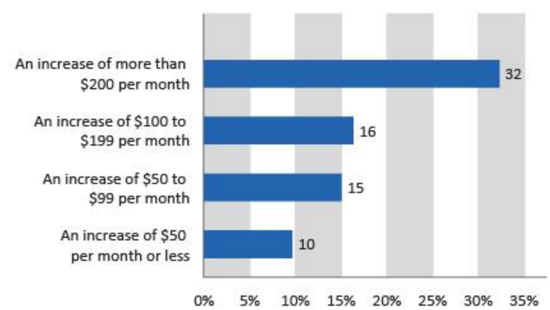


Of respondents who pay part of their principal and interest most months or every month, 61% said they planned to pay off their HELOC within the next five years. A similar proportion (62%) of respondents reported paying interest-only most months or every month and planned to pay off their HELOC within the next five years.[13] HELOC borrowers aged 25-34 were more likely than older borrowers to say they planned to pay off their HELOC in the next five years.

Many borrowers would struggle if their HELOC payments increased by $100 per month

One-quarter (25%) of HELOC borrowers would struggle to make payments on their HELOC if the payment amount increased by $99 or less per month, as shown in Figure 18. In comparison, 32% of HELOC borrowers said their payments would need to increase by more than $200 per month before they would struggle.[14] A portion (22%) of respondents did not know at which point they would be begin to struggle to make payments.[15]

Figure 18: "Please indicate the point at which you may struggle to make your HELOC payments if the payment amount increased above what you are paying today."



[13] This difference is not statistically significant.

[14] The average HELOC holder at a federally regulated financial institution owes about $65,000 on their HELOC. It would take an increase of approximately 1.8 percentage points on the interest rate for monthly HELOC payments on a $65,000 balance to increase by $100. Source: FCAC data and calculations.

[15] A recent survey conducted by Ipsos Reid for the insolvency trustee firm MNP found that almost half (48%) of Canadians said they would struggle if their monthly bill payments increased by $200 per month. The difference between the FCAC survey results and MNP survey results likely reflects differences in sample composition or the phrasing of the question. See Bazanian, G. *Canadians Increasingly Pessimistic About Their Ability to Absorb Higher Interest Rates and Cover Monthly Bills* (January 2018 https://mnpdebt.ca/en/blog/canadians-increasingly-pessimistic-about-their-ability-to-absorb-higher-interest-rates-and-cover-monthly-bills.

Younger HELOC holders were more likely than older ones to say they might struggle if their HELOC payments increased by $100 per month. Almost half (46%) of HELOC borrowers aged 25-34 said they would struggle if their payment increased by $99 a month compared with 10% of borrowers aged 65 or older.

Similarly, respondents with lower incomes were more likely than those with higher incomes to respond that they might struggle if their HELOC payments increased by $100 a month. Thirty-seven percent of HELOC users with annual household incomes below $40,000 said they would struggle if their monthly payments increased by $100 compared with 15% of those whose annual household incomes were $100,000 or more.

Conclusion

This research assessed the level of consumer knowledge about HELOCs and how consumers use HELOCs. Although HELOCs are widely sold, many consumers appear to lack awareness of the terms and conditions, according to FCAC's survey results. A lack of knowledge about HELOCs may make it difficult for consumers who acquire or use HELOCs to ensure they are making the most appropriate financial decision for themselves.

While most HELOC borrowers said they used their HELOCs as they had originally intended, FCAC's survey results show some respondents borrowed more than intended, made interest-only payments, or were overly optimistic about when they planned to repay their HELOC.

HELOCS can be risky products for some consumers. To mitigate these risks, financial institutions should take into account the financial needs and circumstances of consumers, disclose all relevant risks, and work with customers to ensure they understand product characteristics and have credible repayment plans.

Borrowers would benefit from more upfront information about HELOCs and should take steps to learn about them. Repayment plans that include making regular principal payments can help HELOC borrowers mitigate the risks of over-borrowing, debt persistence, and wealth erosion.

Next steps

FCAC's research offers insight into the knowledge and behaviours of consumer who hold HELOCs. Based on this research and some of the work FCAC has already undertaken, FCAC will:

Work with financial institutions to improve the disclosure of HELOC terms and conditions

Survey results suggest that some HELOC holders lack an adequate understanding of the terms and conditions of their HELOC. The Agency will communicate its expectation to financial institutions that they do more to ensure customers thoroughly understand HELOCs and that the products are appropriate based on their consumers' financial needs and circumstances.

Develop material to help consumers navigate the complexities of their HELOC

FCAC will continue to develop educational material to address the gaps in consumer understanding identified in this research, such as the timing of potential HELOC interest rate hikes and the right of lenders to require repayment at any time. Providing consumers with information about HELOCs can empower them to make more informed financial choices.

Continue working with financial literacy partners

FCAC will continue to work with financial literacy partners to contribute to financial education about HELOCs, budgeting, and managing debt. Many resources exist to assist consumers in these areas, such as practical tools to develop a budget and tackle paying down debt.

Appendix A: Survey questions

[QUESTIONNAIRE]

[INTRODUCTION]
The Financial Consumer Agency of Canada is conducting this survey on Home Equity Lines of Credit. Ipsos has been hired to administer the survey. Si vous préférez répondre au sondage en français, veuillez cliquez sur FRANÇAIS. The survey takes about 10 minutes to complete and is voluntary and completely confidential. Your answers will remain anonymous. The survey is registered with the Marketing Research and Intelligence Association. Click here if you wish to verify its authenticity.

[Self-reported knowledge level]
[ASK ALL]
[SINGLE CODE]

1. On a scale of 1 to 4, how familiar are you about Home Equity Lines of Credit (HELOCs)? A HELOC is a secured borrowing product that can offer lower interest rates than other forms of borrowing.

a) 1 – Not at all familiar
b) 2 – Somewhat familiar
c) 3 – Moderately familiar
d) 4 – Very familiar
e) Don't know
f) Prefer not to answer

[Understanding the product]
[ASK ALL]
[SINGLE CODE PER ATTRIBUTE]
[PROGRAM AS CAROSEL]

2. For each of the following, please indicate if you believe the statement is true or false.
[SCALE]

a) True
b) False
c) Don't know
d) Prefer not to answer

[RANDOMIZE]
[POP-UP DEFINITION FOR HELOC]

- A HELOC is secured against a home.
- A HELOC's credit limit can automatically increase when mortgages or other related credit products are
- Paid down.
- Your lender can require you to repay your HELOC at any time.
- A financial institution can lower the credit limit on you HELOC at any time
- You can transfer a HELOC to another financial institution at any time without a fee.
- A HELOC is revolving credit, like a credit card that you can pay down and re-use.
- A HELOC is an installment loan, like a car loan that you pay down over time.

[ASK ALL]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

3. With a HELOC, you can borrow up to a maximum of…
[randomize a) through d)]
[RANDOMIZE]

a) 80% of the value of the property
b) 65% of the value of the property
c) 50% of the value of the property
d) 95% of the value of the property
e) Don't know [ANCHOR]
f) Prefer not to answer [ANCHOR]

[ASK ALL]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

4. Under what circumstances can a HELOC interest rate increase?
[Randomize a) through e)]
[RANDOMIZE]

a) Only if the Bank of Canada increases interest rates
b) Only if you miss 2 payments in any 12-month period
c) Once a year, on your HELOC's anniversary date
d) At your financial institution's discretion
e) Only with your permission
f) Never [ANCHOR]
g) Don't know [ANCHOR]
h) Prefer not to answer [ANCHOR]

[NO Q5]
[ASK ALL]
[SINGLE CODE]

Q6. Do you own or rent your principal residence?
a) I own
b) I rent [SKIP TO 'DEMOGRAPHICS SECTION']
c) Neither [SKIP TO 'DEMOGRAPHICS SECTION']

[IF 'a' AT Q6, CONTINUE AT Q7]
[ASK IF OWN PRINCIPAL RESIDENCE 'a' AT Q6]
[SINGLE CODE]

7. Does your household have a mortgage?
a) Yes
b) No
c) Don't know
d) Prefer not to answer

[ASK IF OWN PRINCIPAL RESIDENCE 'a' AT Q6]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

8. Does your household have a HELOC? A HELOC is a borrowing product secured by your home. HELOCs are revolving credit, which means you can borrow money, pay it back, and borrow it again, up to a maximum credit limit.
a) Yes
b) No
c) Don't know
d) Prefer not to answer

[ASK IF OWN PRINCIPAL RESIDENCE 'a' AT Q6]
[SINGLE CODE]

9. Does your household have a readvanceable mortgage? Readvanceable mortgages usually combine a HELOC and a regular mortgage. Examples of brand names for readvanceable mortgages include Scotiabank's Scotia Total Equity Plan, CIBC's Home Power Plan, RBC's Homeline Plan, BMO's Howeowner Readiline plan, TD's Home Equity Flexline, Manulife One, and National Bank's All-in-One Plan.
a) Yes
b) No
c) Don't know
d) Prefer not to answer

[IF Q7 = ‘YES’ AND Q8 = ‘YES’, CONTINUE AT Q10]
[IF Q7 = ‘NO’/’DON’T KNOW’/’PREFER NOT TO ANSWER’ AND Q8 = ‘YES’, CONTINUE AT Q10]
[IF Q7 = ‘NO’/’DON’T KNOW’/’PREFER NOT TO ANSWER’ AND Q8 = ‘NO’/’DON’T KNOW’/’PREFER NOT TO ANSWER’ AND Q9 = ‘NO’/’DON’T KNOW’/’PREFER NOT TO ANSWER’, SKIP TO ‘DEMOGRAPHICS SECTION’]

[How consumers use HELOCs – For HELOC borrowers only [i.e., if Q8 = a)]]
[ASK IF HAS A HELOC ‘a’ AT Q8]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

10. Considering the amount of money you have borrowed on your HELOC, do you feel this amount is:
   a) 1 - less than intended
   b) 2 - as much as intended
   c) 3 - more than intended
   d) I haven’t used it yet [SKIP TO Q15]
   e) Don’t know
   f) Prefer not to answer

[ASK IF ANSWERED ‘a’ TO ‘c’, ‘e’ OR ‘f’ AT Q10]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

11. When do you plan to pay off your HELOC?
   a) Within the next year
   b) More than 1 year but less than 5 years from now
   c) More than 5 years but less than 10 years from now
   d) More than ten years
   e) Never
   f) Don’t know
   g) Prefer not to answer

[ASK IF ANSWERED ‘a’ TO ‘c’, ‘e’ OR ‘f’ AT Q10]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]
12. What did you use your HELOC for? Select all that apply.
[RANDOMIZE ORDER]

a) Day to day expenses
a) Renovations
b) Debt consolidation (e.g., to pay off debt with higher interest rates)
c) Purchase a vehicle
d) Financial investments (i.e., investments other than real estate, such as stock, bonds, or mutual funds)
e) Investment (real estate)
f) Education and training expenses (personal)
g) Medical expenses
h) Down payment on residential property
i) Residential property, such as your primary residence or a cottage
j) Vacation/travel
k) Business purposes
l) Emergency fund
m) Buy big ticket items, such as a recreational vehicle (RV)
n) Helping children, such as helping them with their education or to purchase a home
o) Other [describe] **[ANCHOR]**
p) I haven’t used it yet **[ANCHOR]**
q) Don’t know **[ANCHOR]**
r) Prefer not to answer **[ANCHOR]**

[ASK IF ANSWERED ‘a’ TO ‘o’ AT Q12. DO NOT ASK FOR ITEMS ‘p’ TO ‘s’ AT Q12]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

13. For each of the following categories, how much did you borrow from your HELOC?
[INSERT ITEMS AS SELECTED AT Q12]
[PROVIDE TEXT BOX FOR EACH CATEGORY]

[ASK IF ANSWERED ‘a’ TO ‘c’, ‘e’ OR ‘f’ AT Q10]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

14. Did you use your HELOC as you intended?

a) 1 - not at all as intended
b) 2 - somewhat as intended
c) 3 - mainly as intended
d) 4 - only as intended
e) Don’t know
f) Prefer not to answer

[ASK IF HAS A HELOC 'a' AT Q8]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

15. What is the maximum amount you can borrow on your HELOC? If you have more than one HELOC, please indicate the total amount you can borrow on all of them combined.

a) Under $19,999
b) $20,000 to $29,999
c) $30,000 to $39,999
d) $40,000 to $49,999
e) $50,000 to $74,999
f) $75,000 to $99,999
g) $100,000 to $149,999
h) Over $150,000
i) Don't know
j) Prefer not to answer

[ASK IF ANSWERED 'a' TO 'c', 'e' OR 'f' AT Q10]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

16. How often do you make payments on your HELOC to pay down the outstanding principal?

a) Never. I pay interest only
b) Most months I pay interest only, but occasionally I pay some money towards the principal
c) Most months I pay money towards the principal, but occasionally I pay interest only
d) I put payments towards the principal every month
e) I don't owe money on it
f) Don't know
g) Prefer not to answer

[ASK IF ANSWERED 'a' TO 'c', 'e' OR 'f' AT Q10]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

17. Please indicate the point at which you may struggle to make your HELOC payments if the payment amount increased above what you are paying today.

a) An increase of $50 per month or less
b) An increase of $50 to $99 per month
c) An increase of $100 to $199 per month
d) An increase of more than $200 per month
e) Don't know
f) Prefer not to answer

[ASK IF ANSWERED ‘a’ TO ‘c’, ‘e’ OR ‘f’ AT Q10]
[SINGLE CODE]
[POP-UP DEFINITION FOR HELOC]

18. Please indicate how often you use your HELOC to meet other loan, credit card, or mortgage payments.

a) Never
b) Rarely
c) Sometimes
d) Frequently
e) Most or all of the time
f) I haven’t used it yet
g) Don’t know
h) Prefer not to answer

[DEMOGRAPHICS]
[ASK ALL]
[SINGLE CODE]
[EDUCATION]

What is the highest level of formal education that you have completed?

- Grade 8 or less
- Some high school
- High school diploma or equivalent
- Registered Apprenticeship or other trades certificate or diploma
- College, CEGEP or other non-university certificate or diploma
- University certificate or diploma below bachelor's level
- Bachelor's degree
- Post graduate degree above bachelor's level
- Prefer not to answer

[ASK ALL]
[MULTICODE]
[MOTHER TONGUE]

What is the language you first learned at home as a child and still understand? Select all that apply.

- English
- French
- Other (specify)
- Prefer not to answer

[ASK ALL]
[MULTICODE]
[LANGUAGE SPOKEN AT HOME]

What language do you speak most often at home? Select all that apply.

- English
- French
- Other (specify)
- Prefer not to answer

[ASK ALL]
[SINGLE CODE]
[EMPLOYMENT STATUS]

Which of the following categories best describes your current employment status? Are you…

- Working full-time, that is, 35 or more hours per week?
- Working part-time, that is, less than 35 hours per week?
- Self-employed?
- Unemployed, but looking for work?
- A student attending school full-time?
- Retired?
- Not in the workforce? [Full-time homemaker, unemployed, not looking for work]
- Other – **[Do not specify]**
- Prefer not to answer

[ASK ALL]
[SINGLE CODE]
[HOUSEHOLD INCOME]

Which of the following categories best describes your total household income?
That is, the total income of all persons in your household combined, before taxes

- Under $20,000
- $20,000 to just under $40,000
- $40,000 to just under $60,000
- $60,000 to just under $80,000
- $80,000 to just under $100,000
- $100,000 to just under $150,000
- $150,000 and above
- Prefer not to answer

[CLOSE]