

5 reasons to get a cash out refinance

Your home equity might help you get cash

People with available equity in their home may be able to refinance their mortgages with cash out. With a cash-out refinance, you replace your current mortgage with a new loan for an amount that is higher than your current balance and receive the difference in cash when the loan closes.

Cash-out refinances require you to apply for a new loan, provide a new set of income and financial documents, and pay a new set of closing costs. Here are five reasons people think about refinancing their mortgages.

Refinance to pay off higher interest debts

When people have high-interest debts, they often consider refinancing to get cash from their home equity. That's because [credit card debt](#) can have much higher interest rates than the rates lenders charge on mortgages. People can use the cash from a mortgage refinance to pay down other debts, save money on interest, and consolidate their bills into one easy monthly payment.

Refinance to pay for home improvements

Another reason people consider refinancing their mortgage is to get money to pay for repairs or [improvements that may increase their home's value](#). Repairs and/or improvements can help make your home more comfortable and increase the value of your home.

Refinance to pay for education

Getting money to invest in college education is another reason people think about refinancing their mortgages. Paying for education can be a responsible use of cash from your home equity because it can help you and your family prepare for professional success.

Refinance to lower your interest rate

When interest rates are falling, you may be able to lower your mortgage interest rate as well as get cash out. An advantage refinancing your mortgage has over [HELOCs and home equity loans](#) is that you can change the terms of your mortgage at the same time. HELOCs and home equity



loans are both kinds of second mortgages, with their own interest rates and terms. When you get these types of loans, the terms of your current mortgage stay the same.

[Refinance to switch to a fixed rate](#)

You can also replace an [adjustable rate mortgage with a fixed rate loan](#) when you refinance. Some people like the peace of mind of knowing their interest payments won't change.

Keep in mind that when you refinance your mortgage with cash out, your minimum monthly payments may increase. You may also pay more in interest over the life of the loan since you are increasing the amount of money you owe on your mortgage. Look at all the costs involved before you make a decision.

Would you like to speak to one of our knowledgeable Loan Advisors about mortgage refinancing with cash out? Please fill out our [Get Started](#) form.

NOTES & REMINDERS

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