

Leverage – Pull Cash Out Without Selling the Asset

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|-------------------------------|-----------|
| Price Paid | \$150,000 |
| Down Payment | \$30,000 |
| Original Loan | \$120,000 |
| Appreciation (1 Year at 6.1%) | \$159,150 |
| Equity Gain | \$9,150 |

Method 1: Borrow Against Equity

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|----------------|---------|
| Secondary Loan | \$9,150 |
| Cash Out | \$9,150 |

Method 2: Refinance

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|----------|-----------|
| New Loan | \$129,150 |
| Cash Out | \$9,150 |

The tax free cash you take out on both is the same. The method you choose will be dictated by the new monthly payment and terms each option offers.