

Leverage – Pull Cash Out Without Selling the Asset

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

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

Method 2: Refinance

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.