



HOME EQUITY GUIDE · PRUE PORTER

HELOC vs. Cash-Out Refinance

You've built the equity. Keep your low first-mortgage rate — or start over?

If you've owned your home for years, you're likely sitting on serious equity. There are two ways to tap it — and they treat your current mortgage very differently. Here's the honest side-by-side for **Alabama & Delaware homeowners**.

	HELOC	Cash-Out Refinance
WHAT IT IS	A revolving credit line secured by your home — borrow, repay, borrow again	A brand-new mortgage that replaces your current one and pays you the difference in cash
YOUR FIRST MORTGAGE	Untouched. Your existing loan — and its rate — stays exactly as it is	Replaced entirely. New loan, new rate, new term, new payment
ACCESSING THE MONEY	Draw what you need, when you need it, during the draw period	One lump sum at closing — all of it, all at once
INTEREST CHARGED ON	Only what you've drawn — not the whole line	The full new balance , from day one
PAYMENT STRUCTURE	Flexible payments during the draw period, then a repayment period	Fixed, amortizing payment over the new loan term
CLOSING COSTS	Typically lower	Full refinance costs on the new loan
BEST FOR	Phased projects, flexibility, paying down expensive debt over time	One large need, and wanting a single fixed payment
WATCH-OUTS	The rate is variable — it can move over time	Your new rate may be higher than the one you're giving up

The bottom line: if your current first-mortgage rate is one you'd hate to lose, a HELOC lets you use your equity **without touching it**. If you'd rather have one fixed payment and one large sum, cash-out may fit. The right answer depends on your numbers — that's a 15-minute conversation, not a guess.

Let's run **your numbers** — book a free 15-minute call.

Book: calendly.com/1-833-try-prue/15min · Call/Text (248) 781-3352



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