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How to renovate your home without impacting your monthly household budget

The mortgage market changes daily – with new lenders entering the market with introductory offers often thought too good to be true, it has generated a significant amount of competition between lenders who are all fighting over your business.   
  
If you purchased your home 5+ years ago, you’ve likely generated a sizable amount of equity in your home. And, this becomes hugely valuable, as you are able to cash out the equity you’ve accumulated to spend as you wish. Many of my clients use the funds to either: renovate the home, consolidate their debt, purchase an investment property or upgrade their vehicle. This process is called a ‘cash out refinance’, and is becoming a hugely popular option amongst mortgage holders looking to access cash at a low interest rate.

Which is why I’ve developed this guide. As a renovation refinance specialist, I will be sharing the steps you need to follow in order to cash out the equity in your home loan to achieve your renovation and financial goals.   
  
Let’s get started.

# Understand how a cash-out refinance works and decide if it is an appropriate decision for you.

A cash-out is the process of refinancing your mortgage for more than you currently owe and withdrawing the difference in cash, which is effectively a portion of the equity you’ve accumulated in the home. This may be used to add value to the home through a home renovation, upgrade the family car, purchase an investment property or simply consolidate your debt. The funds are available to spend as you wish.   
  
In some cases, the process of a cash-out refinance may involve rewriting your current mortgage to an alternative lender. In most cases, you may be able to secure your existing home loan plus the cash out amount a lower interest rate resulting in a little or no change in your current monthly repayments.   
  
Prior to considering a cash-out refinance, it is important to evaluate your current financial situation and the goals you wish to achieve over the next few years.

Refinancing may be advantageous to you in the short term through withdrawing the equity in your home to fund your renovation without impacting your monthly repayments, but it’s important to ensure you’re comfortable that the fixed-rate you’ve chosen will remain competitive for the term you have selected.  
  
In some circumstances, there is no value in a cash-out refinance. Generally, if you have only had your home loan for a short period of time, a cash-out refinance may not be possible, and it may not make financial sense.  
  
When making the decision to proceed with a “cash out” refinance, it helps to consider the things that are important to you within a home loan. Ask yourself;

* + How much money do I need to renovate my home?
  + Am I renovating for profit or for lifestyle?
  + How long will it take me to complete the renovation?
  + Have I allowed for variations if costs change or additional trades required?
  + Is the interest rate competitive?
  + Is the fee structure competitive?
  + Have I considered rate rises in the future?

The decision to process a cash-out refinance should ultimately come down to its value and the cost-effective nature of doing so.

# Approach your existing or alternative lender for a competitive cash-out refinance interest rate.

As I mentioned above, the mortgage market is very competitive. Lenders are fighting for your business and it places you, as the mortgage borrower, in a powerful position to negotiate the terms you receive.   
  
The ideal situation you want to achieve is cashing out a portion of the equity to fund your renovation goals (or fund an alternative goal such as travel, upgrading the car or consolidating debt) and maintaining more or less the same monthly mortgage repayment. This is achieved by refinancing your existing mortgage, and the cash-out equity portion, at a much lower rate than your current mortgage is attracting.   
  
Initially, you should approach your existing lender (provided you’re happy with their service) and give them the first opportunity to offer you the most competitive terms they have available. It’s then recommended you shop the market for a cheaper rate, until you arrive at the most competitive rate (relative to loan features, suitability of structure and flexibility etc). This step, of course, can be hugely time consuming considering the number of home loan lenders in the market.   
  
To solve this hurdle, I recommend you engage the service of a mortgage specialist (like me). At zero cost to you, a mortgage specialist will shop the market and return to you with multiple lenders, their interest rates and a summary on their service and processing times.   
  
Engaging with a mortgage specialist (like me) will save you some serious cash and time! I can tell you from experience with my clients, I will liaise with the lender and continue to negotiate a better deal until I arrive at a place they feel is the pinnacle of opportunity.   
  
And, at zero cost to you, I’m sure you’d agree that engaging with a Mortgage Specialist (like me) is a smart financial decision to make.

# Start achieving your financial goals!

At this stage in the process, the cash is sitting in your account, you’ve secured a competitive interest rate relative to your circumstances and enjoying a loan with an appropriate level of flexibility, features and suitably structured without barely having to lift a finger!   
  
You’re now ready to start achieving your financial goals – the cash is ready to spend as you wish!   
  
If you’ve refinanced with an alternative lender, you will need to change your direct debit, as your new lender has just paid out your old lender.

My name is <name> and I am a Mortgage specialist specializing in cash-out refinances. I encourage you to book in a FREE 10-minute chat with me, where I can let you know how much equity is available for you to cash out, and how much it will cost you per week, fortnight or month (taking into consideration other, more competitive lenders). Click on this link <insert acuity link here> to book in a mutually suitable time to chat.

<name>  
<sig>