



COURSE 11 / Intermediate / 20-25 min

Cash-Out Refinancing for Investors

Branded cheat sheet: the calculations and decisions to keep beside your next scenario.

Core decision checklist

1. Distinguish equity from spendable loan proceeds.
2. Apply valuation, coverage and seasoning constraints.
3. Compare all transaction costs and new cash flow.
4. Assign released capital without exhausting reserves.

Worked examples at a glance

01 Equity Is Not Automatically Available Cash

Value is \$400,000 and existing principal \$220,000, giving \$180,000 theoretical equity. At illustrative 75% LTV, the new loan cap is \$300,000. With \$220,000 payoff and \$10,000 total refinance deductions, cash released is \$70,000 before any additional required reserve holdback, not \$180,000.

02 Confirm Seasoning, Value and Rental Evidence

An investor bought for \$250,000, spent \$50,000 and expects \$400,000 value after four months. A hypothetical program limits the eligible value basis to \$300,000 until its seasoning rule is met. At 75%, that supports \$225,000 rather than \$300,000. This illustrates why the exact rule matters.

03 Compare Costs, Payments and Cash Flow

Rent is \$2,600. Old PITIA \$1,800 and other monthly allowances \$500 leave \$300 cash. New PITIA \$2,150 leaves -\$50 with unchanged allowances. Residential DSCR is still about 1.21, but the refinance creates a planned operating deficit. Extra capital must be weighed against that recurring cost.

04 Deploy Proceeds and Protect the Portfolio

Net cash-out is \$70,000. Assign \$15,000 to portfolio reserves, \$10,000 to known repairs and \$5,000 to new-deal costs, leaving \$40,000 for acquisition equity. If the next project also needs \$12,000 before its first draw, the allocation has a gap unless the acquisition or other funding changes.



Apply it to your deal

Use documented inputs. Keep lender qualification, investment economics and cash timing visible as separate calculations.

Practice before submitting

Equity Is Not Automatically Available Cash

Prepare a proceeds waterfall from accepted value through loan caps, payoff and deductions. Obtain a dated payoff and identify any prepayment charge. Separate a later escrow refund from closing cash. Compare theoretical equity with actually usable proceeds so your next investment does not depend on unavailable funds.

Deploy Proceeds and Protect the Portfolio

Allocate every dollar of a hypothetical cash-out distribution. Include reserves and the next project's first draw gap. Read use-of-proceeds and prepayment conditions. Stress-test two properties together, then decide whether to borrow less, postpone the new acquisition or secure another documented capital source.

Quick glossary

Equity: Property value less secured debt under stated assumptions.

Cash-out refinance: New financing releasing eligible proceeds beyond payoffs and costs.

Payoff: Amount required to fully retire existing debt on a specified date.

Seasoning: Required history under a specific program.

Vesting: Legal form and name in which property title is held.

Value basis: Accepted amount used for loan sizing.

Rate-and-term refinance: Replacement financing mainly changing debt terms.

Payback period: Time for stated savings to offset stated costs.

Primary-source reading

CoreVest: financing FAQs

These sources provide context, not universal program requirements. Formulas, eligible costs, qualifying income, seasoning and fees depend on the transaction. Examples are illustrative and are not actual loan offers.