



# Which Should You Choose?

## HELOC vs. Cash-Out Refi Decision Guide

Start with your current mortgage rate, then answer the questions below. Your situation will point clearly toward one option.

### Step 1: The rate question (most important)

Your Current Mortgage Rate	Today's Refi Rates	Starting Recommendation
Higher than today's rates	Lower than your current rate	<b>Cash-out refi.</b> You'll get cash AND lower your rate. This is the ideal scenario for refinancing.
Similar to today's rates (within 0.5%)	About the same	<b>Could go either way.</b> Move to Step 2 and Step 3 to decide.
Lower than today's rates	Higher than your current rate	<b>HELOC (or home equity loan).</b> Protect your low rate. Don't replace a 3.5% mortgage with a 6.5% one to get cash.

### Step 2: What do you need the money for?

#	Question	If YES → Leans Toward
1	Do you need one lump sum for a single expense?	<b>Cash-out refi</b> (or home equity loan)
2	Will you need money at multiple points over the next few years?	<b>HELOC</b>
3	Do you want an emergency fund you may never use?	<b>HELOC</b> (no cost until you draw)
4	Are you consolidating high-interest debt into one payment?	<b>Cash-out refi</b> (one payment, fixed rate)

### Step 3: Your priorities

#	Question	If YES → Leans Toward
5	Is having one single mortgage payment important to you?	<b>Cash-out refi</b>



#	Question	If YES → Leans Toward
6	Do you want to minimize closing costs?	<b>HELOC</b>
7	Do you want the ability to reborrow without a new application?	<b>HELOC</b>
8	Is your mortgage nearly paid off?	<b>HELOC</b> (don't restart a 30-year clock)
9	Do you want to shorten your loan term (e.g., switch to a 15-year)?	<b>Cash-out refi</b>

## How to read your results

- **Step 1 clearly points to one product?** That's usually the answer. The rate comparison is the dominant factor in most cases.
- **Step 1 is a toss-up?** Count your answers in Steps 2 and 3. More "cash-out refi" answers means refinancing is likely better. More "HELOC" answers means a second mortgage makes more sense.
- **Split between cash-out refi and home equity loan?** Both provide lump sums with fixed rates. The difference is whether you want to replace your mortgage (refi) or keep it and add a second loan (HE loan). Your current rate decides this.

## Quick-reference scenarios

Your Situation	Best Option	Why
Locked in at 3.25% in 2021, today's rates are 6.5%	HELOC	Protect your low rate. Only pay a higher rate on what you borrow.
Current rate is 7.2%, refi rates are 6.4%	Cash-out refi	Get cash AND lower your rate on the full balance.
Need \$15K now for a roof, might need \$20K later for HVAC	HELOC	Draw as needed for phased expenses.
\$50K in credit card debt at 22%, want one payment	Cash-out refi	One lower-rate payment replaces everything.
5 years left on mortgage, need \$30K for renovation	Home equity loan	Don't restart a nearly-paid-off mortgage. Fixed lump sum.
Want access to funds "just in case"	HELOC	No cost until you draw. Acts as a safety net.

Know which direction you're leaning? [Get personalized rate quotes for both options\]](#)