

# Real Estate Terminology

## What is a cash-out refinance?

A transaction in which the new loan amount exceeds the total of the principal balance of the first mortgage and any secondary mortgages or liens, taking into consideration closing costs and points for the new loan. This excess is usually given to the borrower in cash and can often be used for debt consolidation, home improvement, or any other purpose. In this transaction, a borrower borrows against his or her home equity.

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