

Debt Consolidation Richmond

What Precisely Are Debt Consolidation Loans

A personal loan that enables the borrower to move many debts into one account to be payed off in a monthly payment is a Debt Consolidation loan. If you have 3 credit cards for example, a debt consolidation loan will enable you to join these loans and will allow for the elimination of the credit card debt. This way, you will only have to make one loan payment each and every month instead of 3 separate credit card payments.

Prior to acquiring this kind of consolidation loan, there are a variety of disadvantages and advantages. The following sections would explain the criteria necessary which you will require so as to qualify for a debt consolidation loan.

The benefits of a Debt Consolidation Loan are:

usually your debt consolidation loan would have a lower interest rate compared to what you are currently paying on credit cards. The loan should therefore lessen your interest payments and help you eliminate your credit card debt eventually. You may also be able to decrease your total monthly payments with a refinance, the extended terms or debt consolidation loan could provide as well as the lower interest rates.

Replacing many monthly payments into one payment is a good thing. This would make paying household bills much simpler bringing some energy and time savings. Because the loan interest rates are usually much lower, you can apply more money from one monthly payment directly to the principal and get out of debt much faster than just making the minimum payment on different other credit cards etc.

Do I Qualify for a Debt Consolidation Loan?

You will need to meet the following criteria, to be able to be qualified for a Debt Consolidation loan: You will have to have ability to pay down the loan or a source of steady income. The banks calculate your ability to pay a debt based on your income. It is essential to bring your most recent pay stubs and the previous year's tax return to the lender or the bank when applying for the loan. The bank will require a copy of your monthly finances to establish if you could meet your loan payments. Finally, you may need some collateral like a house or a car or perhaps even a co-signor to be able to meet the requirements set up by the lending institution for refinance and debt consolidation loans.