

Debt Consolidation Burnaby

Debt Consolidation Loans

A Debt Consolidation loan is a personal loan which lets you consolidate numerous other debts into a monthly payment. For example, if you have 3 credit cards, you may be able to get a Debt Consolidation loan in order to pay off the credit cards and eliminate your credit card debt. This way, you will only need to make one loan payment on a monthly basis rather than 3 separate credit card payments.

Before obtaining this kind of consolidation loan, there are a variety of advantages and disadvantages. The following sections will explain the criteria necessary which you will need so as to be qualified for a debt consolidation loan.

The Advantages of a Debt Consolidation Loan are:

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

The good thing is that you replace many monthly payments with only one payment. This definitely makes the process of being able to budget your monthly household much simpler. Since the loan interest rates are normally much lower, you can apply more money from one monthly payment directly to the principal and get out of debt much sooner than just making the minimum payment on different other credit cards etc.

Do I Qualify for a Debt Consolidation Loan?

You will have to meet the following criteria, to be able to be qualified for a Debt Consolidation loan: You would need to have ability to pay down the loan or a source of steady income. The banks calculate your ability to service a debt according to your earnings. It is necessary 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 determine if you could meet your loan payments. Lastly, you may need some collateral like for example a car or a house or possibly even a co-signor in order to meet the prerequisites set up by the lending institution for refinance and debt consolidation loans.