Debt Consolidation Kelowna

What Exactly Are Debt Consolidation Loans

A Debt Consolidation loan is a personal loan that lets you join several other debts into one monthly payment. Like for example, if you have 3 credit cards, you can get a Debt Consolidation loan to be able to pay off the credit cards and eliminate your credit card debt. This way, you will only need to make one loan payment a month rather than 3 separate credit card payments.

Prior to obtaining this type of consolidation loan, there are many advantages and disadvantages. The following sections would explain the criteria necessary which you would require so as to be qualified for a debt consolidation loan.

The Advantages of a Debt Consolidation Loan are:

Debt consolidation loans would many times have a lower interest rate than the existing credit card rates. This particular type of loan will help to ultimately eliminate your credit card debt by reducing your interest payments. You could also be able to lessen your whole monthly payments with the extended terms, a refinance or debt consolidation loan can offer as well as the lower interest rates.

The great thing is that you replace numerous monthly payments with only one payment. This definitely makes the process of being able to budget your monthly household much simpler. Since the interest rates on the loan are usually a lot lower, you will be able to apply more money from one monthly payment directly to the principal and get out of debt much faster than simply making the minimum payment on various other credit cards etc.

Am I Qualified for a Debt Consolidation Loan?

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