Title:
Debt Consolidation Mortgage Loans: Easy Way to Save Money:

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278

Summary:
Swimming in heavy credit card debt sometimes means getting deeper in debt simply because of high interest rates. The IRS no longer allows credit card interest as a deduction. If you use a home equity loan to consolidate and pay-off your bills, you could actually save you more money than you think.

Keywords:
debt consolidation loans,debt consolidation mortgage loans,debt consolidation,credit card consolidation,mortgage refinance,second mortgage,home equity loans

Article Body:
Swimming in heavy credit card debt sometimes means getting deeper in debt simply because of high interest rates. The IRS no longer allows credit card interest as a deduction. If you use a home equity loan to consolidate and pay-off your bills, you could actually save cash three ways: 1. No interest accrues on your credit card balances, 2. Your new loan could have a lower interest rate, lowering your monthly mortgage payment, and 3. At the end of the year, three IRS allows you to deduct most if not all of the interest from your mortgage.

One possible glitch in the system is a variable rate loan. If your home equity loan has a higher interest rate, the potential exists you could have more out of pocket expenses than you had before.

While equity loans usually offer a lower interest rate, the closing costs could be higher. And, some lenders could charge a pre-payment penalty, almost forcing you to stay in your home rather than sell if a potential buyer makes an offer.

One way around these restrictions is a home equity line of credit. Those usually don’t carry any closing costs, and there usually aren’t any pre-payment penalties.

If you have extremely good equity built up, you may want to consider cash-out refinancing. No matter what your home is worth, borrow only enough to pay off the existing mortgage and a specified amount you need to spend. For example, if your home is worth $300,000, but you only have $100,000 to pay-off. Borrow more than the existing mortgage, but less than the homes market value. You will then have lower payments, and probably less restrictions for an early pay-off.