

Title:

Debt Consolidation -Promises Freedom from Debts

Word Count:

682

Summary:

Debt consolidation is a process whereby many people have come out of the entrapment of debts. The debt consolidation agency advances a debt consolidation loan, which is used to settle debts. The debt settlement process also sees active participation by the debt consolidation agency in negotiation and in finding a suitable course of action.

Keywords:

Loan for unemployed,debt consolidation loans for unemployed

Article Body:

Debt consolidation is a process whereby debtors can gain freedom from debts through an arrangement suggested by a loan provider, known as debt consolidation agency. Before allowing the debt consolidation agency to take larger credit for the freedom from debts, many borrowers will question the role they play in the process. Do borrowers actually play so minute a role in the process as depicted? Since it was his loan that was used to pay to creditors and his money being involved in the process how can borrower's role in the debt consolidation process be discounted thus?

It is not that the debtor or the borrower does not play an important role. It is only that their role is supplementary. Had it not been for the debt consolidation agency, the debtor would have continued with the debts.

Debt consolidation agency provides focus and direction to the attempts by the debtor to come out of debts. Experts from the lending agency study the case of the debtor and then suggest the recommended courses of action. The worst case of debts can be a vicious circle of debts. In a vicious circle of debts, borrowers are never able to come out of the entrapment of debts. Such debts require a revolutionary action, which can be offered only by a debt consolidation agency.

Debt consolidation agency advances a loan to the borrower. Known as debt consolidation loan, this loan that will go towards the payment of debts, rather than individual's personal income. When personal income does not go towards payment of debts, borrower can continue making expenses to routine heads as

earlier. This reduces chances of any future debts.

Debt consolidation is an amalgam of several processes and sub processes. The debt consolidation agency will deploy a loan representative to assist the debtor with the several processes. Borrowers can question every move of the experts. They are free to exercise their discretion on important decisions.

Firstly, borrowers are required to make a total of the several creditors to whom they owe. Categorizing them will make the task of analyzing debts convenient. Debts are to be categorized on the basis of high or low rate, types of debts, time when they are due, and any other basis as the borrower feels necessary.

Having totaled the debts, the borrowers can get onto the task of creating a solution towards debts. Debt settlement is not as plain a task as most of us will feel. A vicious circle of debts as mentioned above requires revolutionary action. Similar is the case with the debts accrued through credit cards. The increase in debts through the high interest rate is a matter of concern. Dealing with the credit card debts in the same manner as a low interest debt will be incorrect. Since credit card debts carry a high rate of interest, they are dealt with on a priority basis. Similarly, the debt consolidation agency utilizes different techniques for different debts and situations.

The debt consolidation agency will also help borrowers with the negotiation on debts. Don't you bargain with the creditor to lower the rate of interest or lower the amount repayable? The same is done by debt consolidation experts on the behalf of the borrower. The expert induces the creditor to bring down the repayable amount. His principal target is the unsecured creditors. By promising them a one-time payment, the expert is able to bring many of the creditors towards a common thinking.

However, there are a few dongs associated with debt consolidation loan. Never use debt consolidation loan as an excuse for incurring debts. If you have taken a debt consolidation loan, you must pay it in full. An unpaid debt consolidation loan is no better than a debt. This will again necessitate a debt consolidation loan. Lenders, who can clearly see that you are a habitual defaulter, would not lend. It is much easier thus to pay the debt consolidation loan. A small monthly payment is all you have to make towards the debt consolidation loan and you are free of all the ensuing problems.