

Title:

Bill Consolidation Loan Tips

Word Count:

385

Summary:

Bill consolidation loans can lower rates and help you pay of your debt faster. However, you want to be sure that you factor in the cost of fees, find low rates, and pick a short term loan. These tips will ensure that you don't end up spending more by consolidating.

Factor In Fees

Depending on the type of loan you choose, fees can vary from thousands to nothing. Refinancing a home mortgage and using the equity to pay off bills is appealing to many. But the thousands that...

Keywords:

Article Body:

Bill consolidation loans can lower rates and help you pay of your debt faster. However, you want to be sure that you factor in the cost of fees, find low rates, and pick a short term loan. These tips will ensure that you don't end up spending more by consolidating.

Factor In Fees

Depending on the type of loan you choose, fees can vary from thousands to nothing. Refinancing a home mortgage and using the equity to pay off bills is appealing to many. But the thousands that it costs to refinance should be considered, especially if you aren't getting a better rate on your mortgage.

Home equity loans and lines of credit can be used with little or no fees. Their rates are higher, but for smaller amounts they can still be cheaper. Personal loans are also an option since they still beat high interest credit cards.

Make Rates Pay

Before consolidating your bills, make sure that your loan rate will be lower

that what you are currently paying. This might mean that you don't consolidate all your loans. For example, student loans often have the lowest rates possible, better than a mortgage rate.

If you can only consolidate part of your debt, pay off the accounts with the highest interest rates for the greatest savings.

Go Short - On Terms

Choosing shorter terms on your loan will save you money on interest costs. While smaller payments are tempting, the long term interest payments can easily be more than what you pay now. Credit card payments are set to pay off your balance in five years. So if you can financially handle your current payments, pick a five term loan.

Shop Online

Shopping online for a loan can also help you save money in interest and loan costs. Many financing companies offer more competitive rates online than in their conventional offices. Request quotes from several lenders and look at their terms. Even a difference as little as an eighth of a percent can financially make a big difference.

Close Paid Accounts

To protect your credit score, make sure to close accounts once they are paid off. This reduction in your available credit will set you up for better rates when you do choose to open a new account, such as a mortgage.