

Title:

Debt Consolidation or Bankruptcy?

Word Count:

395

Summary:

Do I file for bankruptcy, or do I get debt consolidation loan and spend ten years paying off my debt?

Keywords:

Debt Consolidation, Debt Consolidation Loans, Home Improvement Directory, Home Improvement, Home Improvement Trades, Mortgage Loans

Article Body:

It's a question that has stumped wise men (with overdrawn credit limits) for generations. Do I file for bankruptcy, or do I get debt consolidation loan and spend ten years paying off my debt?

The simple answer is, if you can do the latter, do it.

Sure, bankruptcy means you don't owe anything to anyone (well, sometimes it means you need to sell your assets, but more often than not you're starting afresh), but it also means a big fat black mark on your record that will never go away (despite what some people say about seven years being a magic slate cleaner).

Bankruptcy marks you as a bad risk for every potential lender. Mortgage lenders, credit card companies, employers - they all see that credit history and get the same furrowed brow.

And even worse, the Bush administration has chosen to pass laws that mean, now, if you go bankrupt owing money to a credit card company, they can take your family home.

Yes, that's right, the government has made it law that, unlike big businessmen who can go bankrupt every second year without penalty, normal people like you can have your family home taken off you just because you couldn't keep up with your MBNA payments.

Of course, the credit card companies were behind the bill, and spent millions on

Congressmen and Senators to ensure it passed without too much debate, and millions of Americans who look at their debt and think, "Well, I can always go bankrupt", have no idea that if they do, they'll genuinely lose everything they have.

Which leaves us with the other option - debt consolidation.

Debt consolidation is when you gather all the debts you owe, pool them into one amount, and borrow that amount from a bank or other financial institution, to be repaid over a long period of time, at a set (and low) interest rate.

It means that everything you owe to Sears and Best Buy and MBNA and Citicard is suddenly paid off, and all you owe is one long-term debt to a stable, secure, eager to help you stay afloat bank.

Think about it - why carry six debts that all need to be repaid in the short term, when you can have one debt that doesn't have to be completely repaid for years? It just makes sense.