

Title:

Debt Consolidation Refi Loan - Refinance And Get Out Of Debt

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381

Summary:

Before mortgage interest rates begin to rise, homeowners must take advantage of low rates and refinance their mortgage. Refinancing serve many useful purposes. Aside from presenting the perfect opportunity to lock in at a low rate, many homeowners are able to borrow against their equity and use the money to become debt free.

What Are Debt Consolidation Refi Loans?

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Keywords:

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Article Body:

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What Are Debt Consolidation Refi Loans?

Consolidating debts has become an effective means for reducing and eliminating debts. Many people have more debt than they can handle. Some have discovered quick ways to get out of debt. Yet, millions of people struggling to pay minimum fees continue to search for a strategy.

If you own a home, there may be a practical answer to reducing debts. Debt consolidation refinance loans are extremely popular - and for good reason. Your home is literally a cash machine. In order to tap into the equity, most people choose to sell their homes. However, if you select a refinance, it is possible to receive cash from the equity, while continuing to live in the home. The money can be used to consolidate debts and improve credit score.

How Do They Work?

The concept of a debt consolidation refi loan is very simple, and doable. To begin, homeowners must agree to create a new mortgage loan. This involves applying for a new mortgage with a new lender or your current lender. Most people apply for a new loan in order to get a lower rate, etc.

In addition to obtaining a better rate, homeowners who have built a large amount of equity in their homes have the option of borrowing money from their equity. This is termed a cash-out refinancing. By doing so, the new mortgage principle will be higher than the previous. Once homeowners obtain their money at closing, the funds may be used to payoff their debts. This is a smart maneuver for individuals hoping to raise their credit score.

Comparing Refi Lenders

Although your current mortgage lender will be more than happy to assist you with a new mortgage, it is important to shop around and compare offers from other refi lenders. Comparison shopping is very essential if you have poor credit. The easiest way to compare different lender rates is online. Many mortgage sites offer online comparisons and instant quotes.