

Title:

Debt Consolidation Mortgage Loans - Using Home Loans To Reduce Debt

Word Count:

397

Summary:

Excessive debts cause a lot of worry and anxiety. Many people hope to become debt free. However, earning enough money to care for daily living expenses, while paying down credit card balances is challenging. There are options available to those burdened with debt. Owning a home has certain advantages. Debt consolidation mortgage loans are easy to qualify for, and provide enough funds to payoff creditors.

Different Types of Debt Consolidation Mortgage Loans

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Keywords:

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Article Body:

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Different Types of Debt Consolidation Mortgage Loans

If choosing to consolidate debts, homeowners usually obtain a lump sum of money. The funds can be used to payoff credit card balances, personal loans, auto loans, etc. Once credit account balances are zero, homeowners simply submit one monthly payment to repay the debt consolidation loan.

Because debt consolidation mortgage loans have very low interest rates, most homeowners are able to repay the loan within a few years. Typical repayment periods consist of five to fifteen years. Moreover, the monthly payments are very affordable. You can expect to save hundreds each month.

If opting to take advantage of a debt consolidation mortgage loan, you may

select a mortgage refinancing or home equity loan option.

#### How to Consolidate Debts with a Mortgage Refinancing

Cash-out mortgage refinancing is perfect for consolidating unnecessary debts. Moreover, this method serves multiple purposes. Because of falling mortgage interest rates, many homeowners are deciding to refinance for a lower rate. In some instances, this may greatly reduce your mortgage payment.

With a cash-out refinance, homeowners borrow from their home's equity, and use the money to consolidate debts. Refinancing creates a new home loan. Furthermore, if borrowing cash from your equity, the mortgage principle will also increase. For example, if borrowing \$25,000, the mortgage amount owed will jump from \$100,000 to \$125,000.

#### Home Equity Line of Credit and Home Equity Loans

Another approach for using your home's equity to obtain cash for a debt consolidation involves getting a home equity loan or line of credit. In this case, loans are approved up to the amount of equity you have built in the home. Because home equity loans are protected, homeowners with less than perfect credit may also get approved.

Home equity loans are dispersed as a lump sum. This is ideal for paying large credit card balances and other types of loans. With a line of credit, homeowners are approved for a revolving credit account. Lines of credit are also ideal for debt consolidation.