

Title:

Debt Consolidation And Bankruptcy

Word Count:

407

Summary:

People refinance mainly due to debt consolidation only. The equity is used to reduce their monthly payments. Many people are not able to pay their debt repayments in due time.

Keywords:

loans, mortgages, finance, credit cards

Article Body:

People refinance mainly due to debt consolidation only. The equity is used to reduce their monthly payments. Many people are not able to pay their debt repayments in due time. The late fees and other penalties only increase the debt. A debt consolidation loan is used to repay the debt in a single once monthly payment. Sometimes there are multiple credit cards with different interest rates. You can take a debt consolidation loan and pay all your credit card dues. The rate of interest of a debt consolidation loan is definitely lower than the interest rates of credit cards. The monthly payment in a debt consolidation loan reduces gradually making the payments easier for the borrower. In this case the borrower has to pay back only one lending institution. But the payments should be made on time.

There is another way of paying back loans taken from multiple institutions. A debt consolidation loan is taken and the agency makes arrangements to pay back the loans to the appropriate lenders in the specific time. In this case care has to be taken to see that the payment is made on time to the debt consolidation agency.

Debt consolidation refinancing is another method to repay the mortgage. The balance of the mortgage is determined and the amount you need along with the closing costs are added up and the total amount given as loan. The value of your property is appraised and Loan To Value is calculated. You can then borrow even up to 100% of the value of the home as loan.

Many people in America are so much under debt that bankruptcy has become a method to save one's skin from debt. This system is not good at all, as it is

only leading to more suffering for the lender as well as the borrower. When a person declares that he is bankrupt, he loses almost all his assets and it will take quite sometime to recover. In the year 2003 in America over a million people filed for bankruptcy. Every year the number is only increasing.

Bankruptcy should be the last resort. The Bankruptcy Abuse Prevention and Consumer Protection Act makes life hard for common people of America. They find it difficult to file for a chapter 7 Bankruptcy. A breathing space can be acquired by filing for a bankruptcy. There is a time between filing and discharging the bankruptcy papers. Use this time effectively to think over.