

**Title:**

Consolidating Debt - How To Get The Lowest Interest Rate On A Debt Reduction Or Consolidation Loan

**Word Count:**

390

**Summary:**

To get the lowest interest rate on a debt consolidation loan, you need to research terms and rates. Lenders realize to remain competitive, they must offer low rates. A difference as little as a quarter percent can save you hundreds a year. The type of loan you choose can also have significant financial repercussions.

**Picking Your Debt Consolidation Loan**

You have two options for a debt consolidation loan - secured or unsecured. Secured loans are backed by property you ow...

**Keywords:**

debt relief, debt consolidation, debt problem, debt management, poor credit

**Article Body:**

To get the lowest interest rate on a debt consolidation loan, you need to research terms and rates. Lenders realize to remain competitive, they must offer low rates. A difference as little as a quarter percent can save you hundreds a year. The type of loan you choose can also have significant financial repercussions.

**Picking Your Debt Consolidation Loan**

You have two options for a debt consolidation loan - secured or unsecured. Secured loans are backed by property you own, typically your home. You can choose to refinance your mortgage to pull out your equity to pay off your bills. You can also use a home equity line of credit to consolidate your debt. With both types of loans, the interest is tax deductible.

Unsecured loans, such as personal loans, have no collateral, so interest rates are higher. You can expect to pay a couple of percentage points higher than prime, depending on your credit score. You will also need to have a steady source of income.

When you pick the type of debt consolidation loan you want, consider all the financial factors. A secured debt will involve fees. You may also find that interest rates are higher than when you first received your mortgage. However, you need to remember their tax advantage. For large debts, a secure loan usually is the best choice with a longer period to recoup the cost of fees. Unsecured loans are ideal for those who don't have property or have smaller debts.

### Finding Lenders

No matter if you are looking for a secured or unsecured loan, the principles for finding a lender are the same. Start by requesting quotes and terms from several lenders. You may be surprised to find a lesser known lender offers far better rates than national financing companies. Also, use the internet to speed the process by requesting information online.

Besides rates, request information on fees - both up front and any early payment fees. This information will help you determine the true cost of the loans.

Once you have found a few potential lenders, investigate further for discounts and customer service. You may find a lender who offers discounts for applying online or being a first time borrower with them. If all factors are the same, select the lender that you feel most comfortable with and is easy to contact.