

Title:

Bad Credit Debt Consolidation - What Are Your Options To Reduce Your Debt With Poor Credit?

Word Count:

407

Summary:

To reduce your debt with a poor credit history, you have several options. While none will solve your credit problems overnight, they can help you get on better financial ground. A debt consolidation loan can help you reduce your monthly payments, while lowering interest rates. A debt consolidation program services your debt and negotiates lower interest rates. The final option of debt settlement or bankruptcy pose longer credit repercussions.

Debt Consolidation Loan

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Keywords:

Article Body:

To reduce your debt with a poor credit history, you have several options. While none will solve your credit problems overnight, they can help you get on better financial ground. A debt consolidation loan can help you reduce your monthly payments, while lowering interest rates. A debt consolidation program services your debt and negotiates lower interest rates. The final option of debt settlement or bankruptcy pose longer credit repercussions.

Debt Consolidation Loan

A debt consolidation loan is either a home equity loan or a personal loan which is used to pay off your bills and unsecured debt, including credit cards. A home equity loan allows you to deduct your interest from your taxes.

With both types of loans, you can negotiate terms for smaller payments over a longer period. However, remember that you will be paying more in interest this way. You also want to make sure that your debt consolidation loan has lower interest rates than what you are currently paying.

Debt Consolidation Program

Debt consolidation programs service your debt by negotiating lower fees with your creditors and administering payments. All debt consolidation companies will get you the same low interest rate on bills since this is predetermined by the creditors. The difference between companies comes from the amount they charge for fees and their customer service for following through with accounts.

By using a debt consolidation program, you prove to creditors that you are committed to paying back your debts. Within a couple of years, you can have improved your credit to the point of being able to apply for new credit, even a mortgage loan.

Debt Settlement And Bankruptcy

If you are several months behind on payments or can't afford debt consolidation fees, you may want to consider debt settlement or bankruptcy. With both options, part or all of your debts are reduced. This is not a choice to be considered lightly. Your credit will suffer for several years by using either option. However, if you find yourself in dire financial difficulties, know you can use these options.

To decide which option is best for you, take a hard look at your finances. Ideally, you want to pay back your bills and loans to minimize any damage to your credit. A debt consolidation loan will usually have the least impact, followed by using a debt consolidation program. Using debt settlement or bankruptcy will stay on your credit history for seven to ten years.