Debt Consolidation Alberta

How To Know If You Qualify For A Debt Consolidation Loan

A personal loan that enables the borrower to move numerous debts into one account to be payed off in one monthly payment is a Debt Consolidation loan. If you have 3 credit cards for example, a debt consolidation loan would enable you to combine these loans and would allow for the elimination of the credit card debt. This way, you would only have to make one loan payment each and every month as opposed to 3 separate credit card payments.

Prior to acquiring this type of consolidation loan, there are a variety of advantages and disadvantages. The following sections will explain the necessary criteria that you will require to be able to qualify for a debt consolidation loan.

The Advantages of a Debt Consolidation Loan are:

usually your debt consolidation loan will have a lower interest rate compared to what you are presently paying on credit cards. The loan should therefore lessen your interest payments and help you eliminate your credit card debt eventually. You can also be able to lessen your total monthly payments with a refinance, the extended terms or debt consolidation loan may provide as well as the interest rates that are lower.

The great thing is that you replace many monthly payments with only one payment. This definitely makes the process of being able to budget your monthly household a lot easier. Since the interest rates on the loan are usually a lot lower, you could apply more money from one monthly payment directly to the principal and get out of debt much sooner than just making the minimum payment on different other credit cards et cetera.

Do I Qualify for a Debt Consolidation Loan?

You would have to meet the following criteria, in order to qualify for a Debt Consolidation loan: You will need to have a source of steady income or ability to pay down the loan. The banks calculate your ability to service a loan according to your salary. It is necessary to bring your most recent pay stubs and the previous year's tax return to the bank or the lender when applying for the loan. The bank will need a copy of your monthly budget in order to determine if you will be able to meet your loan payments. Lastly, you might need some security such as a car or a house or perhaps even a co-signor in order to meet the requirements set up by the lending institution for refinance and debt consolidation loans.