

Debt Consolidation Loans a Better Idea Than Home Refinancing

Sara Williams July 11, 2016



Debt Consolidation Loans offer a host of benefits over Home Refinancing, including lower interest rates, and making your financial status more secure.

([Newswire.net](#) -- July 11, 2016) -- When it comes to consolidating debt, there are quite a few options that people can choose from today in order to get their finances back in order. Those who are dealing with out-of-control mortgage debt, in particular, may be tempted to pursue a home refinancing plan that will make it easier to make their monthly payments.

However, it turns out that debt consolidation loans are actually a better option than home refinancing. Continue reading to learn why.



The Benefits of Getting Debt Consolidation Loans

Those who apply for debt consolidation [Canada loans](#) can expect to receive a host of benefits. These include a lower interest rate, particularly if you have a good credit score and credit history. You can also take advantage of the fact that you've been smart with your money and the fact that you don't have credit card debt in order to get a great rate on your debt consolidation loan so that you can afford the repayments, especially if you opt for secured loans. Ultimately, this means that your monthly payments will be lower and, therefore, a lot more affordable than they are now, and that will [lower the financial burden](#) that you face each month substantially.

The Additional Costs That Are Associated with Home Refinancing

Even though home refinancing may seem like a tempting and smart option that can help you better manage your existing debt, the truth is that there are [several problems associated with it](#). First off, the cost of home refinancing could actually end up offsetting any savings that you would receive from a lowered monthly payment with a new loan. Also, fees could be in the thousands, and that does not even include private mortgage insurance, loan discount points, and the loan origination fee, which could be up to 1.5 per cent of your loan principal. So when searching for a home refinancing plan, homeowners need to be diligent with reading the fine print.

It Is Harder Than Ever to Get Home Refinancing

Ever since the housing crash, banks and lenders are being much more selective when it comes to allowing people to refinance their homes. Individuals who have average credit could begin a refinancing process and then end up being rejected, or they could end up paying a higher rate once the bank or lender ends up checking credit scores. In fact, many people simply will not qualify for the lowest interest rates that are advertised because you often need a credit score of at least 720 or more to qualify. Therefore, individuals who have been rejected for home refinancing may be able to find new hope by opting for a debt consolidation loan instead.

As you can see, there are many things that you need to consider when it comes to lowering your debt, and one of the best ways to make your financial status more secure is by opting for a debt consolidation loan instead of opting for home refinancing. As more people find it difficult to afford their monthly payments, debt consolidation is a solution that is clearly a viable option.

Source: <http://newswire.net/newsroom/blog-post/00093097-debt-consolidation-loans-a-better-idea-than-home-refinancing.html>

Source: <http://newswire.net/newsroom/blog-post/00093097-debt-consolidation-loans-a-better-idea-than-home-refinancing.html>