



Countrywide®

HOME LOANS

Guide to Debt Consolidation

An Interactive Workbook



1-800-291-1393



Debt consolidation loans are any type of credit you use to consolidate debt.

The most popular loans to consolidate debt are:

- Cash-out refinance debt consolidation loans
- Second mortgage debt consolidation loans
 - Home equity line of credit (HELOC)
 - Home equity loan
- Credit card balance transfers

Debt consolidation loans: The advantages

Debt consolidation loans are incredibly popular. The advantages are plain to see:

- Debt consolidation loans help reduce the number of bills and due dates to manage.
- Debt consolidation loans may bring double-digit interest rates down to single digits.

- Debt consolidation loans often relieve a budget crunch. By bringing monthly payments down, debt consolidation loans free up cash for current household needs.
- Some options — the cash-out refinance and second mortgage types — may bring income tax benefits along with debt consolidation (consult your tax adviser).

Debt consolidation loans: The drawbacks

Debt consolidation loans carry some risks, and borrowers need to be honest with themselves to avoid being snared.

- Taking on a debt consolidation loan without a corresponding change in budget and spending habits enables many people to plunge even deeper into debt.
- Most debt consolidation loans extend the length of time the borrower has to repay by years. So, even with a lower interest rate and possible tax deductibility, the ultimate cost of borrowing may be higher with a debt consolidation loan.
- Debt consolidation loans can deplete home equity—emptying assets that could be used to handle true emergencies or lowering your standard of living at retirement.

3 mistakes to avoid when you consolidate your bills

Here are a handful of tips designed to help protect you:

1. Shop for a lender, not a loan.

The trustworthiness of the company you choose will likely determine the quality of the loan you end up with. It's okay to demand evidence of integrity. They should have a solid history of satisfied customers going back many years.

2. Avoid unknown shops and lean toward large, reputable companies.

This might go against your bargain-hunting instincts; but people with excess debt could be more vulnerable to unscrupulous business practices. Large, well-known

companies are under the scrutiny of financial regulators, and can't afford to damage their reputations. They're more likely to have safeguards to ensure you're treated fairly.

3. Don't overdo it.


Debt consolidation is a wonderful way to reduce the number of bills you have to pay, lower your interest rates, relieve a budget crunch and enjoy possible tax benefits (consult your tax advisor). But it's possible to overdo it. For example, don't:

- Pay off debt that charges lower interest than the debt consolidation loan.
- Use debt consolidation to bail yourself out of debt caused by overspending...and then continue to overspend.
- Deplete your home equity over and over, leaving yourself without assets to handle true emergencies or lowering your standard of living at retirement.

How much debt do I have?

Fill in the blanks and we'll calculate the total debt!

Debt Type	Balance
Credit Card #1	
Credit Card #2	
Credit Card #3	
Credit Card #4	
Credit Card #5	
Auto Loan	
Personal Loan	
TOTAL Debt Balance	

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Find out how much you can save by consolidating all your debt into one convenient payment. Call us at **1-800-291-1393** for a FREE, no obligation consultation.