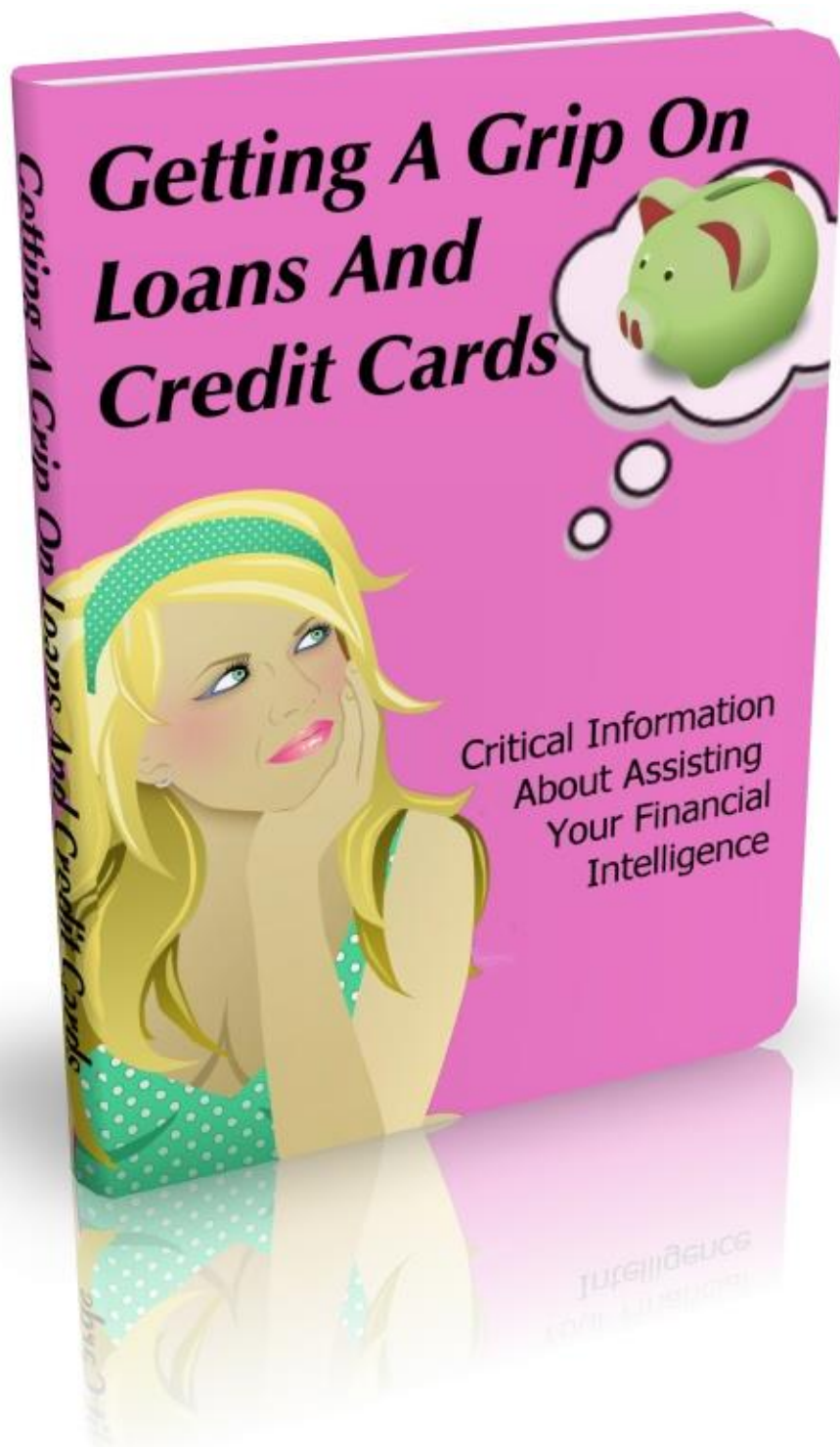




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Foreword

Loans and credit cards can be very necessary for the survival of an individual in providing the essential needs that cannot be provided for simply on a monthly income. Such needs may include the necessity of having a car, a house, a college fund and any other comparatively big investment requiring funds. Get all the info you need here.



Getting A Grip On Loans And Credit Cards

Critical Information About Assisting Your Financial Intelligence

Chapter 1:

Loan Basics

Synopsis

Loans are an advancement of monetary funds that will allow an individual make an investment of choice, where the initial loan amount plus interest calculated, will have to be paid back to the loan source over a set period of time.

Sounds simple enough but the problem usually arises when the individual is for one reason or another unable to pay off the agreed sum due to the loan taken. Failing to make such payments can cause a lot of problems and even be considered a criminal offence, which has a jail sentencing penalty.



The Basics

Therefore before contemplating the idea of taking out a loan, the individual should first ensure the reason for the loan is a viable one and if the payment means is both secure and consistent.

Most adult earning individuals, go through much of their working life paying for car and housing loans which usually span a good part of their productive years, but are seen as good investments as these items are considered essential to the human comfort and existence.

Loans should be gotten from legal sources such as banks, government agencies, finance houses and such other legal establishments. The secured loan requires some form of collateral to be provided for by the borrower, which will be withdrawn by the lender, in the event that there is a default on the loan repayments.

The unsecured loan is given on the merits of the individual applying for the loan. Here no collateral is needed, but the same principal is applied where upon default of payment, the items acquired from the loan given out, such as property or vehicles then become the property of the lender.

Chapter 2:

High Interest Loans/Payday Loans, Car Title Loans

Synopsis

There are all popular style loans that have quite a few similarities, but are still very individual and different in their reasons for having the loans in place. The following are some points that will shed some light of the three different types named:



Big Interest

Car title loans – these are supposedly the loans that require the least amount of background check and usually are quite easy to acquire.

The loans are given out based on the lesser amount of the title of the paid vehicle. Meaning, the loan amount given would probably be only 60% or 70% at best of the actual value of the vehicle at the time.

The interest charged is also usually quite high and the repayment period is significantly short. All in all this type of loan is usually taken out only in very desperate circumstances or where funds needed are small, and getting an actual loan from the banks would not be feasible or easy.

Payday loans – this is also another very costly type of loan as the required interest's charges are comparatively high. Basically the borrower will write a cheque or a legal promissory note in the amount borrowed with the agreed interest added on, and this is to be held by the lender until the agreed date where the documents are used to cash in the amounts stated.

This is a quick and seemingly easy way of acquiring cash when needed, however the interests charged are often the reasons why

people eventually get caught in a vicious cycle of never ending borrowing scenarios.

High interest loans – these are usually loans that are given to individuals that have a hard time securing loans through the better channels of loan acquirement.

Because of the design of these loans, which can be rather intimidating, it is usually sought by individuals who may already have very poor credit ratings. This will cause the lender to secure the payments, any way possible, thus the high interests charged.

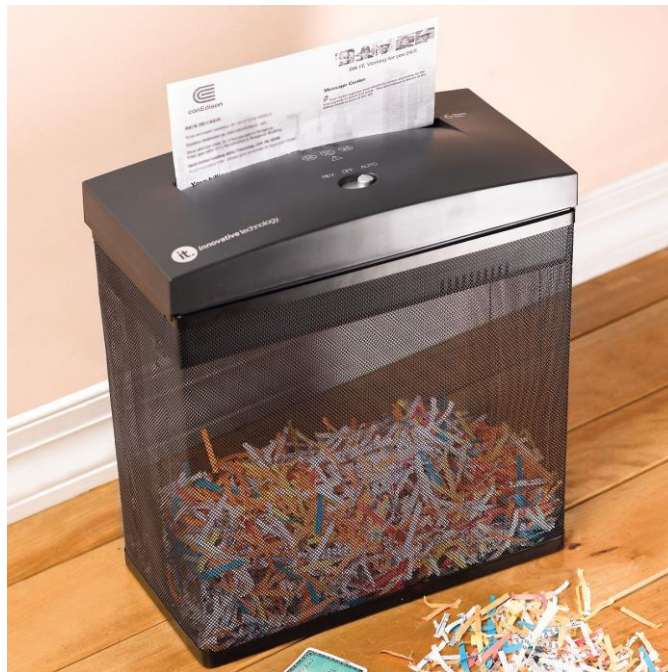


Chapter 3:

Home Equity Loans And Mortgages

Synopsis

Basically both these types of loan require the collateral of property; however there are slight differences between the two. The mortgage style loan is usually where the home purchased is used as collateral against the loan, whereas the home equity is where the existing property is used as collateral to take out a second loan. Both are legal entities that are fairly compatible means of acquiring funds.



The Home

The home equity loan also known as the second mortgage is usually divided into two categories which are the fixed rate loan and the home equity lines of credit.

The fixed rate loan provides a simple onetime payment to the borrower which is repaid over an agreed set period of time, with the addition of the interests charges added on.

The payment amount and interest charged remain fixed throughout the payment period. As for the home equity lines of credit, it functions much like that of credit card advances.

The amounts extended are fixed and can be withdrawn according to the needs of the borrower. The interest and repayments are not fixed and are calculated according to the current rates available.

The payments are also only charged on the amounts withdrawn and not only whole sum advanced, if it is not used in its entirety, thus creating a simple and easy source of cash.

The mortgage loan is also a fairly simple and straight forward style of acquiring funds to secure the purchase of property. The lender's risks are comparatively low as the amounts lent are usually lesser in percentage to the actual value of the property.

The borrower will also be vetted for his or her suitability and credit ratings history before the loans are given out. In this scenario the lender is totally covered as in the event of a default on the part of the borrower the lender is able to collect the outstanding amount in the form of the property.



Chapter 4:

Credit Card Basics

Synopsis

The use of credit cards are often abused and misunderstood by the individual possessing them, and this eventually leads to out of control situations that bring about detrimental effects.



Charge Cards

The following are some points to consider when it comes to credit card usage:

Learning to read the fine print that depicts the repayment requirements of its usage is very important. Credit card terms and conditions can be very confusing and the initial excitement of using such a facility that seems very easy and accessible is very deceiving indeed.

Keeping a close tab on the statements periodically if not monthly is also something that should be exercised vigilantly. Due dates, fees, interest rates and any other changes should be noted and adhered to. This will also help the individual to address any discrepancies that may occur during the course of using the credit card facility.

Immediately addressing any items that seem to be unusual activity on the card is also something that should be done immediately upon detection. Failing to make these inquiries would result in the credit card company refusing to consider striking such payments from the bill and the individual would then be liable for the said payments.

Credit cards often have promotions and special offers, and while some of these are really quite beneficial to the individual, there is always the danger of getting carried away with making such purchases simply because there is no visible monetary impact at the time of the purchase.

This will only be noted weeks later and in most cases people are shocked at the amounts spent.

Making it a habit of paying the credit card bills on time, will also be one way of avoiding unnecessary interest and fees being charged or added on to the already outstanding balance to be paid.



Chapter 5:

Securing A Low Interest Rate Credit Card

Synopsis

In actual fact all credit card interest rates are high when comparing to other sources of money advancing facilities. However most people don't realize this or don't want to realize these high rates simply because of the easy access the credit cards provide to making desired purchases. Getting carried away is one of the very real dangers of credit usage; therefore there is a need to actually actively source for a credit card that can provide for lower interest rates by comparison.



Low Interest

The interest rates charged on the amounts reflected by the credit card purchases or usage will eventually feature very significantly on the interest rates charged to the individual if the said amounts are not paid for in full by the due date.

When the purchases are rather considerable, it is often harder than imagined, to clear the full amounts by the expected date stated on the statement of accounts.

Therefore taking the trouble to source for credit cards that provide lower finance charges may come in handy in such circumstances.

These charges can be calculated to be much more in favor of the individual (if this was at all realistically possible) whereby the individual would end up playing much less than other conventional interest rate payments would be.

However even this has some rather complicated connotations to it where in actual fact there is no tangible positiveness for paying the finance charges anyway.

In this scenario the individual is really simply paying for the convenience of having the outstanding amounts deferred.

One should also be wary of some credit cards that offer lower interest rates also offer lower minimum payments which initially seem an exciting feature, but upon proper calculations the individual

could possibly end up paying even more than other conventional credit cards.



Chapter 6:

Curbing Your Charge Card Spending

Synopsis

One of the most drastic and dramatic ways of doing this, is the recommendation to have the cards cut up or returned to the issuing merchants which are usually the banking institutions that prey of the weakness of individuals. This of course is an extreme measure and usually one that is hard to do but very necessary when the amount charged to the card are phenomenally high and there is really not viable means available to clear the amounts in the near future.



Cut Down

However there are some tips that can be used in order to create some elements of discipline when making use of credit cards and the following are some worth considering:

Keeping the credit cards out of easy access, is one way to limiting its use. Leaving the credit cards at home when going shopping will help the individual realize the enormity of the purchasing power that has been severely curbed. It will also give the individual some insight to the possible frivolous spending that has been practiced as a norm previously.

Without the use of the credit card facility the individual is now forced to make purchasing using cash and this can be a real disciplining exercise for the individual, as it helps to exercise control.

Seeing cash actually becoming lesser as the purchasing exercise commences, will keep frivolous purchases from being part of the shopping experience.

Making a conscious effort to scrutinize previous spending habits and actual purchases being made will help the individual better understand where the “money” was going and to eventually learn to avoid such establishment in the quest to curb the unnecessary spending.

Avoid planned outings that revolve around shopping sprees or at shopping friendly locations. When there is no temptation to shop there is no unnecessary buying, thus positively contributing to the efforts to curb using credit cards.



Chapter 7:

Staying On Top Of Your Charge Card Balances And Negotiating With The Company

Synopsis

Sometimes in the quest to try to clear the seemingly endless credit card commitments, there is a possibility of trying to negotiate with the card companies to come to some kinds of acceptable settlement scenarios. Though this may not be an easy course of action, where results are easily experienced there is certainly the fair chance of finally bringing the endless bills to some kind of closure.



Keep Up

The following are some steps that can be tried to facilitate the above mentioned possibility:

- If there is a possibility of being able to clear the entire amount in a lump sum payment, then negotiations to cut the interests calculated to be paid can be tried. These lump sum payments can be usually be broken up into two or three huge payments, where the principal sum and the possible new negotiated interests can be paid off.
- There is also the possibility of approaching the credit card establishment to consider a proposal where the bank agrees to eliminate or lower the interest rates incurred to help ease the burden of the individual until some financial stability is achieved. In some cases assessing punitive fees such as late fees and over-limit charges may also be requested to be waived. However the trade off here would most likely be, that the cards in question would be frozen, cancelled or suspended for a specific period of time.
- Debt management program – in this scenario the individual would have to seek the expert advice, from sources trained for the purpose of helping people better handle and sort out their debt ridden situation. This is of course a better option than having to deal with the mounting debts with no apparent relief. There are groups that provide this service free or for a very nominal charge.

Chapter 8:

The Disadvantages Of Being In Debt

Synopsis

Credit cards can be an individual's best friend or their worst nightmare. When the cards are used in a controlled and wise fashion, then there is very little likelihood of it becoming a financial burden to the individual, however when used without caution the resulting scenario can be detrimental both mentally and physically.



Warnings

Being in debt, especially credit cards debts is sometimes very hard to come out of, due to the style of the interests charged. Thus the never ending cycle can really be stressful and often consuming, leaving the effected individual very little room for others things that may require the individual's indulgence.

Being unable to effectively contribute to even the minimum payments due will also create the negative assessment on the individual's credit ratings or credit scores, which is vital to any future investment opportunities.

Another very common practice that most individuals are unaware of is that the credit card companies, upon evaluation, may increase the interest rate charges to "non performing" accounts. These accounts that show no significant reductions in the amount owing, due to the fact that repayments are less that required, will allow the credit card company to now re categorize such accounts as credit risks therefore increasing the interest rates charged.

Another disadvantage of being in debt is the health issues that it can bring about. Constant worry about how best to clear the mountain of debts will keep the individual in a perpetual stress filled mindset.

Wrapping Up

One of the main disadvantages of being in debt is the constraints it creates when the individual is given opportunities that cannot be tapped into due to the debt ridden situation. Such opportunities may not come by very often, which makes it even more difficult to let them pass by with grabbing on and capitalizing on them.

Do your homework and do all you can to stay out of debt.

