

Bad Credit Second Mortgage Loans

Contributed by Rebecca Game
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{bot_wrgoogle}A good way to recover is to consider a bad credit second mortgage loan. Home ownership and home equity are required in order to qualify for a bad credit second mortgage. If you haven't borrowed any money against the home for several years, you probably have enough equity to qualify for a bad credit second mortgage loan. While the process for getting a bad credit second mortgage loan may be difficult, the payoffs can be extremely advantageous.

Advantages of a Bad Credit Second Mortgage Loan

- A bad credit second mortgage loan can offer lower interest rates on high interest bills.

If credit card bills are something you contend with every month, a bad credit second mortgage loan can offer a lower interest rate. Monthly payments on a bad credit second mortgage are generally lower than what you'll pay on high interest bills.

- Financing a bad credit second mortgage loan offers a "break" from payments.

It is generally true that when you finance a bad credit second mortgage loan, you have a 30-day period of no payments on the loan. This can be of tremendous assistance, especially if the loan is used to pay off other bills. Consult with your lender to verify.

- The interest may be tax deductible.

Ask your lender and tax preparation consultant to verify, but the interest on your bad credit second mortgage loan may be deductible on federal income taxes.

Disadvantages of a Bad Credit Second Mortgage Loan

- Interest rates are high.

Because the lender will view you as a high risk, interest rates tend to be higher on bad credit second mortgage loans than on loans for those with good credit ratings. If the loan is used to pay off bills, consider the all facts. For example, the interest on the bad credit second mortgage loan is lower than high interest credit cards, allowing you to pay off the amount owed much faster.

- Obtaining a bad credit second mortgage loan can be a time consuming and exhausting task.

Financial institutions are leery of working with individuals and businesses with bad credit, thus, obtaining a bad credit second mortgage can be very difficult.

Bad Credit Second Mortgage Loans: Where To Start

1. Check your credit scores with the three credit reporting agencies: Equifax, Transunion, and Experian.

While you may be able to obtain your credit report at no charge, there may be a fee involved to have your credit report mailed to you. If your scores are above 550, chances are fairly good that you'll be able to obtain a loan. Individuals with credit scores that are lower than 550 may have added challenges in finding a financial institution to approve a bad credit second mortgage loan.

If your credit scores are below 550, review your credit reports carefully. Request errors on the reports be removed. Work to resolve outstanding bills. Bring payments current on existing bills.

2. If you've continuously worked with a financial institution over the years, apply with that institution first for your bad credit second mortgage.

If the bank or financial institution knows you well as a customer and understands your circumstances, they may approve your bad credit second mortgage loan.

3. Consider a mortgage broker for obtaining a bad credit second mortgage loan.

A mortgage broker, or mortgage agency, will be able to review your application and have access to hundreds of different lenders willing to approve a bad credit second mortgage loan. A mortgage agency or broker will also be able to tell you your credit scores, and if they're too low to get a loan, they will be able to advise you on how to bring the scores up so that your bad credit second mortgage loan can be approved.

Most importantly, be patient. Lenders need time to consider high-risk loans. Plan on two to three months or longer to obtain a bad credit second mortgage loan. Keep the advantages in mind, and continue to build your credit scores.

Rebecca Game is the founder of Digital Women ®, an online community for women in business. A 30 year entrepreneur and dedicated to helping other women. Visit her site: Loans for Women

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