

Home Equity Loans To Help You Finance

Have you recently filed for bankruptcy? Are you in need of financing for home improvements or to consolidate the debt you have? Depending on the type of bankruptcy you have experienced, your credit score may be in better shape after the bankruptcy than it was before. The reason is that as you were struggling to make the payments yet missing deadlines and not making your payments at all, your credit score was declining. Following the bankruptcy proceedings, your record will be purged of high balances on credit cards, late payments and penalties, and any proof of debts that you could not pay at all. While it will not be possible to hit the perfect 850 credit score, pulling your credit score up into the 700's within a couple of years of filing is not unheard of.

Begin to take control of the damages caused by the bankruptcy. Make sure that the accounts covered in your bankruptcy are showing a zero balance and that your creditor no longer shows the account as delinquent. While this should be a given, if you really want to make strides in this area, checking it out personally will be a good thing to do. Get a new secured credit card against which you place a deposit that becomes your credit limit. Begin to charge small amounts and pay them off completely and on time. This will begin the process of repairing the credit record.

Another particular way to begin to re-establish this credit is to apply for a home equity loan. Home equity loans are easier to acquire than some other types of loans and they offer a variety of payment processes and interest rates. The rates for home equity loans are lower than for a consumer loan or for credit cards and so are easier to repay. The drawback is that if you fail to repay the loan, you will be in danger of losing your home. Be very sure that whatever issue caused you to go into bankruptcy in the first place has been fixed. If overspending was an issue, make sure you have a plan in place to prevent it before you apply for this loan. If a medical issue or a job lay-off was the issue, find ways to prove that these things are behind you.

Some suggest trying to get a home equity loan as soon as possible after the bankruptcy. However, doing this will force you to pay higher interest rates because of the possible lowering of your credit score due to the bankruptcy. What might be a better plan is to begin to rebuild your credit score by making all your payments current and by paying the monthly bills such as your power bill, phone bill, and water/sewer bill on time. If you still have loans after the bankruptcy, be sure to pay those installments on time as well. Begin to use other credit that you might have very sensibly. Start small and pay off your credit bills on time. Once you have done this consistently for a short amount of time, you can begin to search for a home equity loan.

Begin to look at the rates for home equity loans and talk to various lenders who are trustworthy. Ask them for quotes being sure to tell them up front about your recent financial history. Especially mention if the bankruptcy occurred because of a job lay-off or a medical emergency. Show them proof that you have been paying your remaining bills on time and consistently.

The process for obtaining a Home Equity Loan is much like the process through which you applied for your home mortgage. However, it will be much less demanding. The lending institutions will probably want to do a property appraisal and determine the equity that is available in the home against the primary mortgage. They will also want to check your income to assure that you are capable of repaying the loan.

You need to think not only about the interest rate on the loan and the ensuing payments but you also need to make sure you are aware of any special terms or fees that will add to the cost of getting the loan itself. Is there an early pay-off penalty? Are there any upfront fees of which to be aware? What about closing costs? Check these things out after receiving various quotes and be sure that you have the ability to pay on time each month.

If you need to rebuild your credit and obtain some extra cash, a home equity loan might be just what you are looking for following your bankruptcy. Be sure to take your time and build your credit a little bit at a time and then, when your credit score is back up, begin to talk to lenders. It is a step well worth the time and effort it takes to understand your options.

About the Author

Craig Elliott is a freelance writer who writes about topics pertaining to the mortgage industry such as [Mortgage Company | Home Mortgage Lender](#)

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