

## Debt Consolidation Facts Smart Business Owners Should Gain Knowledge About

[indrastra.com/2019/01/Debt-Consolidation-Facts-Smart-Business-Owners-Gain-Knowledge-005-01-2019-0050.html](http://indrastra.com/2019/01/Debt-Consolidation-Facts-Smart-Business-Owners-Gain-Knowledge-005-01-2019-0050.html)

By Kelly Wilson



Image Attribute: Pixabay.com

Businesses are shutting down rapidly because of the huge withstanding debts, Forbe's has stated. It has been observed that numerous businesses are constantly struggling to manage the great amount of debt that they have. Not a single business can deny the fact that they have taken loans from the financial institutions in order to help the business in various crucial aspects. Without a business loan, it is impossible to succeed. However, as the owner of a business, chances are that you are going to feel overwhelmed due to the increasing burden of the huge loan amounts especially if you are not able to make the consistent payments in accordance to the stipulated time. In such a situation, it is a good idea to consider a business debt consolidation loan.

The program of debt consolidation permits to combine the different balances, which you owe, into one payment and one rate of interest. Debt consolidation is responsible for lightening the burden that you have by making the repayment of the loan amount attainable. However, the process of debt consolidation is surrounded by a lot of misinformation, which

can force you to have a misunderstanding about the process. Given below is a list of the significant facts, which each and every business owner should know about debt consolidation.

## Debt consolidation will not erase the total loan that you have

---

Debt consolidation is extremely tricky. It only merges the balance that you have into a single payment and is capable of lowering the rate of interest by making the payment much more manageable and convenient. However, you have to understand that a debt consolidation loan is not a fix for erasing the entire debt amount that you owe to your creditors. It involves merging all the debt amounts into a single loan, which can be used for paying off all the loans that you had.

## When you consolidate the debt, you are going to have new lenders

---

A debt consolidation loan is normally done with the help of third-party systems of payment. As soon as you are consolidating all the business debt that you have, you are not making payments to the lender. Instead, you will be paying money to the organization or agency that you have selected for your debt consolidation loan, which will be responsible for paying money to the creditors. They are going to have positive relationships as well as arrangements with the financial lenders, who are going to permit them to get low rates of interests and also act as a middleman so that you can successfully pay the remaining debt amount that is still pending.

## Debt consolidation loans are of two types

---

You need to educate yourself about the basic kinds of debt consolidation loans, which are the secured debt consolidation loans and the unsecured debt consolidation loans. A secured loan is normally related to a particular asset that you own like a car, home, or any other piece of property. These assets are used as collaterals, especially if your business is defaulting on the loan. Unsecured business loans have no assets and they are completely based on the credit history of your business, especially if you are a borrower of high risk.

You may not be able to secure the rate of interest, which is advertised

---

You need to understand that the low, as well as, appealing rates of interests that are advertised by the organizations are not going to be available especially if your credit score is not great. Also, some of the great rates of interest are available only for a short time and hence it is important that you conduct thorough research on the organization that you are choosing so that you get to know about the exact rate of interest that you are going to get. You can **go for [Nationaldebtrelief.com](https://www.nationaldebtrelief.com) for reducing the business debts** by choosing a debt consolidation loan.

A credit counseling agency is not a non-profit and can charge fees

---

Most of the credit counseling agencies are non-profit organizations, but a few of them are also for-profit organizations. Each and every credit counseling agency is known to charge administrative fees for the services that they are offering to the businesses along with upfront fees in order to consolidate a loan for a particular business. This is normally done when the counseling agencies are interested in keeping their business going on. Choosing between the non-profit and profit organization is not dependent on the fees. It is crucial that you take time for comparing everything so that you can assure that your business is working with an organization, which can make the payments affordable and convenient for the business.

You need to pause accumulating more debt for consolidating the loans

---

Not all businesses are considered for the plans of debt consolidation because they keep accumulating a lot of debt during the entire process of repayment. To ensure that your business is considered for a debt consolidation loan, you need to refrain from taking more loans during the complete process of repaying the withstanding debts. You also have to close the accounts as soon as the debts have been repaid. Ultimately, it is only going to make more sense to avoid taking more loans when you are already working with the consolidation programs for successfully paying back all the loans that you have.

Debt consolidation and credit counseling is not one

---

It is true that debt consolidation and credit counseling might often sound similar but there are numerous differences that you need to keep in mind. A debt counseling agency is responsible for employing the counselors, who are not only certified but they also assist a business to create proper budgets as well as plans so that they can clear the debts that are withstanding. The credit counseling organizations offer debt consolidation programs. These agencies are responsible for looking at the complete finance and not just the debt amounts.

## Conclusion

---

You need to consider all these facts about debt consolidation especially if you are thinking about consolidating your business loans. You also have the options of talking to debt consolidation experts to find out the perfect way of reducing the business debts.

### **About the Author:**

Kelly Wilson (ORCID: [0000-0002-4032-1314](https://orcid.org/0000-0002-4032-1314)) is an experienced and skilled Business Consultant and Financial advisor in the USA. She helps clients both personal and professional in long-term wealth building plans. During her spare time, she loves to write on Business, Finance, Marketing, Social Media. She loves to share her knowledge and Experts tips with her readers.

*DISCLAIMER: The views expressed in this insight piece are those of the author and do not necessarily reflect the official policy or position of the IndraStra Global.*

---