

Government Debt Consolidation Loans

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There are loans that are offered through various government programs to help people pay off multiple loans. These loans are known as government debt consolidation loans. The loans offered by the government use the same principle of debt consolidation that other private programs use.

The government loan is provided to allow the borrower to consolidate many different loans into one single loan. The interest rate for the government loan is generally low, and since most of the borrower's loans are bound to be high-interest unsecured ones such as credit card debts, the borrower stands to gain immensely. The benefits are not limited to savings on the interest rates, the borrower now has to pay only one single fixed payment every month, making the process of budgeting that much easier.

Students particularly benefit from the various debts consolidation loan programs launched by the federal government. Most of them use these loans to consolidate and in the process, quickly eliminate their outstanding multiple high-interest loans such as student loans, credit card debts and medical bills.

This is how it works. The Department of Education pay off the original federal education loans and then provides the student with a new loan which is the consolidated amount of the old outstanding loans. This is done as a part of the Direct Consolidation Loan Program.

Another government loan program is the Federal Family Education Loan Program. Under this program the government provides the borrower with a new consolidation loan to pay off the existing loans. Government debt consolidation loan programs usually provide the borrower with four plans, namely the standard plan, extended payment plan, graduated payment plan and income contingent repayment plan. Each of these plans is meant to suit different types of borrowers, each with his or her own unique needs.

A word of caution is necessary to warn against blindly believing companies that promise to provide "free government grant money," if the borrower will only pay such and such "processing" or some other miscellaneous fee. These grants are meant for organizations that pursue serious research and not for helping people pay off their credit card bills.

Consolidation Loans provides detailed information on Consolidation Loans, Debt Consolidation Loans, Unsecured Debt Consolidation Loans, Cheap Debt Consolidation Loans and more. Consolidation Loans is affiliated with College Loan Forgiveness.

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