

# WHAT YOU NEED TO KNOW ABOUT DEBT CONSOLIDATION

Debt consolidation can simplify your finances and reduce monthly payments by combining debts into your mortgage.

But, there are key risks to consider.



## 1. INCREASED OVERALL COST

- Lower monthly payments often mean longer repayment terms.
- You may pay more in interest over the life of the loan compared to your original debts.

## 2. SECURED VS. UNSECURED DEBT

- Credit cards and personal loans are unsecured – your home isn't at risk.
- When consolidated into a mortgage, debt becomes secured, meaning missed payments could lead to losing your home.

## 3. RESETTING THE CLOCK

- You start a new repayment period, even for debts you were close to clearing.
- This can extend the time it takes to become debt-free.

## 4. RISK OF NEW DEBT

- Consolidation may give a false sense of financial relief.
- Without better financial habits, you could end up with new debts plus a larger mortgage.

## 5. COSTS AND FEES

- Consolidation often involves refinancing, with possible closing costs, origination fees, and charges.
- These can reduce the financial benefits.



## 6. REDUCED FLEXIBILITY

- Tying up your home equity means fewer options for future borrowing or emergencies.

**We're here to support you every step of the way. Just get in touch and we'll take care of the rest!**