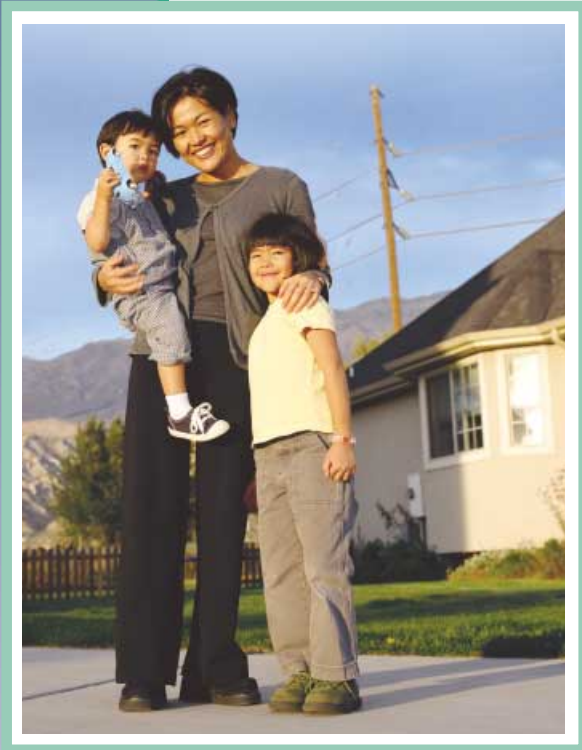


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Contact Paul Parker at Toll free: 1-888-562-6782 x132, email paul.parker@guarantygroup.com, fax 301-294-8930.

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(Advertisement)

## What You Need to Know Before You Refinance Your Home to Pay Off Debts

Consolidating your debt with the equity in your home can be a terrific money-saving strategy. The interest rate may be much lower than you're paying on your other bills and, if you itemize on your tax return, you can usually deduct the interest you pay – making the effective rate of the loan even more attractive.

► Our mission at Myvesta is to help people improve the quality of their lives by eliminating financial stress through education and services. Visit our Web site at Myvesta.org or call 1-800-680-3328 or 301-762-5270. We're here to help.

6 Taft Court, Suite 301, Rockville, Maryland 20850



*But what seems like a smart strategy can turn into a tragedy—even resulting in the loss of your home—if you’re not careful.*

Here’s how to make a debt consolidation loan work for you.

First, get an idea of how much equity you have in your home. While a lender will want to get an appraisal of your property before approving a loan, you can do your homework by talking to a couple of local real estate professionals who can give you a ballpark estimate of your home’s value based on comparable home sales in your area. (Be aware: a real estate professional may quote a high price, in an effort to get you to list a sale with her.)

You’ll also want to get a copy of your credit report to make sure everything is up-to-date and accurate, and to make sure you are aware of any problems that may cost you more in terms of the interest rate or fees.

**Since a mortgage lender will review a copy of your report from all three major credit reporting agencies, you should do the same.**

Since a mortgage lender will review a copy of your report from all three major credit reporting agencies, you should do the same. You can get a consolidated credit report from Myvesta.

Once you have information on your home’s value and your credit situation, you can consider whether a home equity loan or refinancing your mortgage makes more sense. Here are the pros and cons of each:

### **Tapping Home Equity:**

With a home equity *loan*, you borrow a fixed, lump sum amount and pay it off in equal payments. With a home equity *line of credit*,

### **What would YOU do if you didn't have to pay your bills?**

Everyone has tasks they really hate to do, but still need to get done. That’s just a fact of life. Smart people hire others to take care of those chores for them. Topping this list of loathesome jobs is bill paying! In fact, 82% of people hate to pay their bills.

#### **That's why we created AllPaid®!**

AllPaid makes paying your bills a thing of the past. You will have your very own account manager who pays all your bills ontime, every month, gives you the remaining money to play with and reconciles your bank statement, so you can spend more time doing what you enjoy. We're sure it's not paying the bills, right?



**Call 1-800-680-3328 or visit [Myvesta.org](http://Myvesta.org) for more details.**

you borrow up to the total amount for which you are approved, whenever you need it. As you pay down the loan, that money you paid off will again become available for you to use. Either type of loan can be referred to as a “second mortgage.” Approval is often quick – a couple of weeks at most – depending on how busy lenders are.

Some lenders will allow you to only borrow up to a total of 80 percent of the appraised value of your home, minus any amount you owe on your first mortgage. Other lenders, however, will allow you to borrow 100 percent or more of your home’s value, minus your first mortgage. (You may pay a higher interest rate or fees for these higher “loan-to-value” loans.)

Although any amount above the value of your home is technically unsecured, we urge you strongly not to borrow to the hilt against your home. If any unforeseen circumstances come up, forcing you to sell your home, you may be unable to command the price you need to pay off your loans and may face foreclosure.

### **Refinancing:**

Another popular option with many consumers is to refinance their first mortgage and take cash out to pay off other bills.

For example, let's say your home is worth \$150,000 and your mortgage balance is \$80,000. You may be able to refinance that \$80,000 loan with a loan for \$120,000 (or more) and use the difference to pay off your other debts. (Forget about taking a vacation with some of your mortgage money, though. That's going just a little too far.)

The main attraction in going this route is that you may be able to get a lower payment and interest rate than with your current debts, or even a home equity loan. That's because, in most cases, you're stretching the debt out for 30 years.

The downside is that by refinancing your mortgage, it will take you longer to pay off your house and it may be more expensive in the long run than you realize. That's because you'll essentially be starting over again with your mortgage.

If you currently have 24 more years of payments on your mortgage, for example, you'll now add six more years to that. By the time they've paid for their mortgage, most people have paid for their house two or three times over! So think carefully before you stretch out your house payments.

If you are considering refinancing to include your debt and your new loan will total more than 80 percent of your home's value, you may be required to pay private mortgage insurance, or PMI. This can easily add \$100 or more to your monthly payment and it is not tax deductible. So, even with a lower interest rate on the refinanced loan, you may pay more. Be sure to consider PMI and the total cost of your loan when you are weighing your options.

**By the time they've paid for their mortgage, most people have paid for their house two or three times over!**



How do I deal with collectors?

What if I can't pay my mortgage?

Should I lease or buy a car?

**Whatever Your Question About Money, We Have the Answer**

Get all your answers from our *Debt Experts*<sup>sm</sup> in your very own, private telephone consultation with one of our national financial authorities.

**Call 1-800-MYVESTA or visit Myvesta.org for more details.**

If you're considering refinancing your mortgage or a home equity loan, it's a good idea to contact Myvesta for help in choosing a lender. We have relationships with friendly lenders who understand the financial situations and challenges of borrowers who may have a lot of debt. We can work with you to find the right lender for your needs.

*The biggest drawback to using a home equity loan or a new mortgage to pay off debt is the added risk you take if you can't make the payments.*

If you can't make your payments on your credit cards, your account will be turned over to collections, and (much later) you may eventually be sued for repayment of these debts.

If you miss a few mortgage or home equity loan payments, however, you could literally lose your house. Please think carefully before taking that risk.

## Other Alternatives

Before you put up your home as collateral for your loans, think about your options.

- ▶ Can you consolidate your debt onto a low-interest credit card?
- ▶ Will your local bank or credit union give you a low interest rate, unsecured debt consolidation loan?
- ▶ Do you have cash value in your life insurance policy you can leverage to pay off debt?
- ▶ Have you tracked your expenses to find places where you can cut back?

The more desperate you are to get a loan, the easier it is to make poor choices.

Talking to a *Debt Expert*<sup>sm</sup> at Myvesta may open your eyes to other possibilities you hadn't thought about.

## Getting to the Bottom of Things

Many people take out a home equity loan to consolidate their debt. What they see as a debt problem is really a *money management* problem.



Debt may take years to accumulate, and it won't be wiped out by a loan. To make your consolidation program successful, you'll need a plan for paying off the debt, avoiding new debt and reaching your financial goals. That's where Myvesta can

## Presenting ...

**The super-fast, super-simple way to jumpstart your financial future.**



Myvesta's *Ultimate Spending Plan*<sup>®</sup> Program lets you track your income and expenses in one easy place.

See where your money is going and you'll be able to take control and watch your debts drop, savings grow and assets increase.

*Feel the power of knowing where your money goes.*

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help. We offer a number of services to help you succeed.

- ▶ If you hate to pay bills, our *AllPaid*<sup>®</sup> program will eliminate the need for you to pay bills ever again! Once you enroll in *AllPaid* we'll pay your bills for you, put money away for occasional expenses and special occasions and give you money to spend each month. This program makes it *much* easier for you to reach your financial goals – including paying off your debt – by making everything automatic.
- ▶ If you are stuck in a financial rut, your own Myvesta *Financial Success Coach* will work with you one-on-one to help you make real changes and reach your financial goals.

We hate to say it, but a consolidation loan won't change your life. Working with a

*Financial Success Coach* can. Top athletes and businesspeople use coaches all the time, because they know that a great coach will help them become even more successful. Why shouldn't you have someone to help you achieve financial success?

When interest rates are attractive, many people rush to borrow or refinance. Think carefully of the implications to ensure you make the most of all your options

**Guaranty**  
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FHA/VA	
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Some restrictions may apply. Loan approval subject to credit and policy requirements.



## About Myvesta...

Myvesta is the nation's only comprehensive financial health center.

If you are having money troubles and need help, visit our Web site at [Myvesta.org](http://Myvesta.org) or call 1-800-680-3328 or 301-762-5270 to learn more about our programs, counseling and services.

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