

Benefits Of A Secured Loan



A secured loan can be defined as a loan taken against an asset. In case the borrower is unable to repay the money, the lender can sell the collateral and get his money back.

Low Interest Rates

Since the collateral lowers the risk for lenders, the interest rates are comparatively lower as compared to unsecured loans. In case, the debtor pays off, the lender gets the loan amount along with the interest and if not, he gets the asset.

Credit History Not Crucial

Regardless of low credit score, a secured loan can be sanctioned. This is so because the lenders have a chance to reimburse their loss by selling away the collateral you put forward.

Quick Approval

In case the borrower is unable to pay the loan amount, it can always be recovered by seizing the property and selling it. Therefore, this type of loan is easy to be sanctioned.

Higher Loan Values Available

If the debtor requires a huge sum of money to accomplish many tasks at one time, for instance home renovation, medical expenses, vacation etc, he may apply for a higher loan by offering a collateral.

Offers Flexibility

When a collateral is involved, the lenders are more flexible. Even if the debtor does not have continuous source of income the money could be lend. Moreover, the term of paying the secured loan is more as compared to unsecured loans.



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