

## Credit Card Debt And The Interest Only Loan

Here is an example of the system gone wrong: a mortgage loan that encourages paying off one debt, in order to over extend yourself with another debt. This is what happens with the interest only loan and credit card debt. As a borrowing nation, I believe we've reached new depths.

It would seem that in this century we've managed to take every form of credit possible, extend it to the limit for some of the public, and then look at them as if to say, "You mean you can't pay?" What do these loan and credit card companies think they're going to be facing, when the amount of credit and mortgage they're willing to extend, reaches beyond the acceptable debt to income ratios? Why do they think these were established in the first place?

More consumers than ever before owe credit card debt. It's the way to go, many college campus' are overrun with representatives from the major credit card companies, eager to extend credit to the young fresh hands of the college student. Are they as ready to work with them when they've over extended themselves? No. What about the rest of the spending public? How do they handle their credit card debt? Well, thanks to the interest only loan, we can now pay off credit card debt we can't afford, with a mortgage we can't afford. Now, that's progressive thinking.

The interest only loan is now a tool for replacing non-deductible over extended debt, with tax deductible over extended debt, and the consumer continues to be the one to pay. This is not a wise option, if you're already spending more than your budget will allow. How about cutting back? Did that ever occur to the mortgage company? No, because they don't make any money off of the fact that you spend less.

As a fellow consumer, each of us should take the time to question our spending. Is it wise? Is it necessary? If the answer to either question is no, then don't spend. You don't want to have to make the decision between over the limit spending, and a nice, warm bed.

Source: <http://www.articlecircle.com>

### About the Author

John Williams writes about interest only mortgages at <http://www.interestonlys.com>