DEBT CONSOLIDATION

How refinancing your mortgage to consolidate debt works. The real math, the honest trade-offs, and when it makes sense.

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1. What Is Debt Consolidation Through Your Mortgage?

Debt consolidation means **rolling your high-interest debts into your mortgage** — replacing multiple payments at 19–29% interest with a single payment at 4–5% interest.

How it works:

- You **refinance your mortgage** for a higher amount than your current balance
- The extra funds **pay off** your credit cards, car loan, line of credit, and other debts
- You're left with **one payment** at your mortgage rate instead of multiple payments at much higher rates
- Your total monthly outflow **drops significantly**

> ***Shawn's Tip:*** *This is not about hiding debt. It's about restructuring it intelligently. You're using the lowest-interest tool you have (your mortgage) to eliminate the highest-interest debts dragging you down.*

2. The Math — A Real Example

Here's a typical scenario I see regularly:

Debt	Balance	Rate	Monthly Payment
Credit Card 1	$12,000	**21.99%**	$360
Credit Card 2	$8,000	**19.99%**	$240
Car Loan	$18,000	7.49%	$420

Line of Credit	$15,000	8.70%	$250
Total Debt	**$53,000**		**$1,270/month**

After consolidation: $53,000 added to mortgage at 4.49% = approximately $295/month

Monthly savings: $975/month. That's $11,700/year back in your pocket.

> ***Shawn's Tip:*** *The monthly savings are dramatic. But you need to understand the trade-off: you're spreading that $53,000 over a longer period. Total interest paid over the life of the mortgage will be higher. The key is using those monthly savings wisely — not racking up new debt.*

3. When It Makes Sense

Consolidation is a smart move when:

- You have **$20,000+** in high-interest debt
- Your monthly debt payments are **straining your budget**
- You have **sufficient equity** in your home (you can refinance up to 80% of your home's value)
- You're **committed to not re-accumulating debt**
- The interest rate savings are **significant** (typically 15%+ difference)
- You're approaching **mortgage renewal** (no penalty to refinance at renewal)

4. When It Doesn't Make Sense

Be honest with yourself. Consolidation is not the answer if:

- You'll **run up the credit cards again** after paying them off (this is the #1 risk)
- Your debt is **small enough to pay off** within 12–18 months with discipline
- You'd need to **break your mortgage early** and the penalty exceeds the savings
- You **don't have enough equity** — you can only refinance to 80% of your home's value
- The **underlying spending habits** haven't changed

> ***Shawn's Tip:*** *I'll be straight with you: if consolidation doesn't make sense for your situation, I'll tell you. I'd rather give you honest advice than close a deal that hurts you in the long run.*

5. The Process

1	**Review your debts** **We list everything: balances, rates, monthly payments, and total monthly outflow.**
2	**Check your equity** **Your home's current value minus your mortgage balance = available equity. You can refinance up to 80% of your home's value.**
3	**Run the numbers** **I show you the before and after: current total payments vs. consolidated payment. No surprises.**
4	**Choose the right lender** **I shop 20+ lenders for the best rate and terms for your specific situation.**

5	**Refinance** **The new mortgage pays off your existing mortgage and all consolidated debts. One payment. One rate.**
6	**Cut the cards** **Seriously. Or at minimum, reduce the limits. The worst outcome is consolidating and then re-accumulating debt.**

6. No Judgement. Just Math.

Debt happens. Medical emergencies. Job loss. Divorce. Business downturns. Alberta's economy is cyclical — I've seen good people in tough spots for 25 years. There's no shame in restructuring intelligently.

What I need from you: honesty about your full financial picture. What I'll give you: a clear plan, real numbers, and a path forward.

Drowning in Payments?

No judgement. Just math. I'll show you exactly what consolidation would look like for your specific situation. 15 minutes. Free. Confidential.

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