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Collateral loans or a guaranteed loan is a borrower's commitment which was presented to the lender as collateral for his loan. Collateral can create fewer risks to a lender with regards to the money that he has lent the borrower.

Overview of Collateral loans

The significance of collateral to many loans is extremely valuable. This is an assurance to the lender that she or he will not lose all his money. In the event you as a borrower pledge that you will give your assets, the lender has the right to consider it, sell it off or identify it as his own asset.

What are the suitable assets for a collateral loan?

You will find of course accepted collaterals for each loan you will take. These collaterals are being screened by the bank or any lending company to see if this is a legitimate asset of yours. The examples below can be accepted as collateral.

1. Automobile, it may be a truck, a van, a car, or a motorcycle that is entirely and legally yours or is under your name.
2. Real estate property. It can be a house that is totally and ultimately yours or is under your name.
3. Cash bank accounts. One of the nicest collaterals that one could provide your lender is your bank account. This is the fastest and the best method to get their money back.
4. Future pay cheques, you might want to borrow money mainly because your pay cheque isn't available yet. With this case, you might want to give your borrower the right to get your paycheck and have it.
5. Valuables and collectibles, you may want to surrender some of your watches, jewelries, diamonds etc that can help the borrower give you his money.

Types of collateral loans

You will find different types of collateral loan programs that a lender can use for those who have no credit loans since birth, and for people who have bad credit loans presently. The lender, most likely the bank, shall be deemed accountable in doing the same. They're the ones who give you the right amount and kind of loan that you may use. The following are the types of loans:

1. Car loans- everybody knows how banks along with other lending companies give car loans. This process isn't easy like the process of getting a credit card. They will need a lot of papers or competent at to make certain that you're capable of paying the same unto them. You might like to ready your pay slips, your valid IDs, your present or permanent address and your certificate of employment.
2. Housing loans - housing loans are generally favored by individuals who just got married or are single who wishes to have his or her own house. A housing loan gets the same prerequisites as a car loan to make sure that you're capable of paying your lender.

3. Personal loan - this is presented by banks who want to aid their clients. Some good reasons exactly why people get personal loans range from the need to renovate their house, need to buy furniture, money for tuition fee or other personal reasons. You can easily say that based on the name and kind of the loan that we are talking about.

Conclusion

In your whole life time, there will be a period when you have to request for a lender's help. You will take a loan once or twice in your whole lifetime to support your needs. However, you have to make certain that you trust the brand or the loan company that has lent you money.

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