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Title

Dec (60) Best Installment Loans - Interest.com

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Many purchases in life require an extra bump of funds to acquire, like that new car or the house that you've been considering. These are just two of many examples in which an installment loan makes sense. The best installment loans offer better terms, better rates, lower fees, and better benefits. However, the key lies in where to find them. We grabbed a magnifying glass and found five of the best installment loan providers to get you started.

The 5 best installment loans of 2019

- LightStream — Best for personal loans
- BadCreditLoans.com — Best for bad credit loans
- Capital One — Best for auto loans
- Splash Financial — Best for student loan refinancing
- Bank of America — Best for mortgages

*Company; APR; Terms; Loan limits; Unique feature

- LightStream; 3.99%-16.79%; 24-144 months; \$5,000-\$100,000; Auto-pay saves you 0.50% APR
- BadCreditLoans.com; 5.99%-35.99%; 3-36 months; \$500-\$5,000; Loan aggregate website
- Capital One; APR varies; 24-84 months; \$7,500-\$50,000; Dealer locator tool
- Splash Financial; Starts at 1.99%-7.06\$ variable or 3.48%-7.27 fixed; 5 to 20-year terms; Min. \$5,000; Refer a friend incentive
- Bank of America; Starts at 3.140%-3.889; 15- and 30-year fixed and 5/1, 7/1 and 10/1 ARM; Varies; Foreclosure prevention resources available

What is an installment loan?

An installment loan is one of the most common loans available. It's referred to as "installment" because the loan is repaid over a period of time. They are repaid using a monthly payment schedule predetermined terms. Although many installment loans come with a fixed APR, some — like mortgages or student loans, also offer a variable rate that fluctuates with the market.

Installment loans are a good choice when you're looking to make a major purchase. A few reasons to use them include when you're looking to buy a home, a car, consolidate your debt, or finance an unexpected life event or emergency.

Installment loan vs. Payday loans

Many, if not most, payday loans are expected to be repaid in full on your next payday. Often, the repayment works via a postdated check that you write when you accept the payday loan. However, payday loans charge a much higher interest rate than most installment loans. The interest rate depends on many factors, but often includes your income, the amount you borrow, your creditworthiness, and your location.

Sometimes, the annual percentage rate can be as much as 390% or more, according to the Federal Trade Commission. So, payday loans should only be used as a last resort and borrowers should take precautions before considering them by shopping around and doing their homework.

Installment loan vs. Credit Cards

An installment loan also differs from credit cards because it has a set payment schedule with a predetermined number of payments. Once the term of the installment loan has been satisfied, along with any additional fees — like late fees and etc., then the loan ends.

Credit cards, however, are considered revolving debt and do not carry a specific end date, nor do they have set terms or a payment schedule as installment loans have. That's because credit cards operate on a line of credit that's extended to you. They carry a credit limit — the maximum

that you can borrow at any one time, and you're billed for the amount of credit you use along with the interest each month. Once you pay your bill in full, you retain access to your line of credit.

Credit cards are a good option for borrowers looking to make smaller purchases than those associated with installment loans. Some borrowers use credit cards only to cover an emergency or unexpected financial obligations. For example, if your car breaks down and needs immediate repairs. However, other borrowers use credit cards for many everyday purchases that exceed the amount of cash on hand.

Installment loan vs. Home Equity Line of Credit

A home equity line of credit also differs from an installment loan and is more closely related to credit cards, but with some differences. A HELOC is best for borrowers who need to make a major purchase, finance a major repair or renovation, or etc. Unlike credit cards, your home is used as collateral until the line of credit is repaid.

When you accept a HELOC, you are borrowing against the equity in your home. Unlike a mortgage, you do not receive a lump sum payment. Instead, you are given access to a line of credit for a set amount of time as determined by the lender and you only pay for the credit that you actually use plus the interest.

The 5 best installment loans of 2019

[LightStream](#) — Best for personal loans

LightStream is a division of SunTrust Bank. It offers a variety of personal loans that you can use to finance a vehicle, home improvement, lifestyle item, adoption, medical and dental treatment and more. There are many reasons why you might consider a personal loan and LightStream offers a great way to cover them with loan limits up to \$100,000 for qualified borrowers.

One of the benefits of this lender is the auto-pay discount, which can reduce the interest rate by 0.50 points than those who prefer to receive an invoice. Another interesting feature that they offer is a loan process satisfaction guarantee. The guarantee is only valid for the first 30 days from the date you receive your loan, but it might be worth \$100 if you truly are unhappy with their financing process.

[BadCreditLoans.com](#) — Best for bad credit

BadCreditLoans.com is not a lender. It is an aggregate, which matches you with potential lending partners based on your needs and pre-certification criteria. So, the APRs and terms listed for this company those that are offered by its lending partners.

Bad credit lenders offer more flexibility in financing if your credit history precludes you from prime lenders like banks or other financial insti However, the disadvantage is that you will often pay higher rates because a lower credit score or blemished credit history is often considered a

risk for lenders.

Capital One — Best for auto loans

Capital One's Auto Navigator is a great tool for borrowers looking to finance a new or used car. APRs vary according to the borrower's overall financial picture, but it offers terms from 24 to 84 months to fit your budget. Loan sizes depend on what you qualify for and your needs but range from \$7,500 up to a maximum of \$50,000.

One nice feature that Capital One offers with Auto Navigator is assistance in locating a participating dealer. Not all dealers will work with all lenders and that includes Capital One. To get the most mileage out of your loan — pun intended, use [Auto Navigator](#) to find a participating dealer near you.

Splash Financial — Best for student loans

Splash Financial began as a way to help a few friends who were struggling with student debt and then grew from there. Today, it offers some of the lowest APRs around, ranging from 1.99% to 7.27%. Your APR depends on several factors like whether you choose a variable or fixed rate APR, whether you have a cosigner, the level of degree you have, your term, and your overall financial health. It offers a variety of terms from five through 20 years.

One unique benefit offered by Splash Financial is its referral incentive. Qualified borrowers have the opportunity to score \$250 for each qualified friend referral. Additionally, the qualified referral also scores \$250 as a welcome bonus. Terms and conditions do apply, though. So, make sure you [read the fine print](#).

Bank of America — Best for mortgages

Bank of America has a lot to offer borrowers, but its mortgage products include some of the best rates around. According to Bankrate, APRs start as low as 3.140%, depending on which term you choose and your overall financial health. Financing is offered in 15- and 30-year fixed terms or 5/1, 7/1, and 10/1 ARMs.

Sometimes life happens. You experience a loss of income or a major life event and you fall behind on your mortgage. The problem with falling behind is that it can create a kind of domino effect that builds, leaving you in a precarious position facing the threat of foreclosure. Rather than succumb to this threat, Bank of America offers some valuable solutions to help you avoid foreclosure while staying in your home. Refinancing might be the solution for some, but it's not always the solution for everyone. The lender also offers [alternative solutions](#) like forbearance, low equity refinances, and FHA loan modifications to name a few.

The final word

Installment loans are a great option for borrowers who are looking to make a major purchase, consolidate debt, or who need funds to cover a major financial emergency. Since they are repaid over a long period, this gives you access to the funds you need when you need them most and allows you to more easily budget for a repayment plan. However, they aren't the best choice for everyone.

If your credit is poor or blemished, an installment loan might help if you need it, but you can expect to pay a higher APR. Depending on what that APR turns out to be, sometimes it might be better to avoid the loan and save for the purchase if that's an option for you. Another option, if you can wait, is to improve your credit score and report by paying bills on time and reducing debt. Improving your credit score can help you nab a better rate on an installment loan later.

Wise money management is always the best course of action and that includes choosing when it makes the most sense to borrow money and when it's better to wait. If you opt to get an installment loan, then always shop around to find the best rate.

Meta Description: The best installment loans are a great way to finance a major purchase with the lowest rates from lenders who offer the best benefits.

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