

How Peer-to-Peer Lending Can Help You Borrow Money

We've all wanted a quick bit of money from time to time and it is no surprise that borrowing the money is one of the most popular ways to get money easily. With the banking meltdown that's hit this country in the past 18 months it's been much more difficult to get an outright loan from a bank. Most banks have lessened the amount of money they've been lending to people who don't have an excellent credit rating.

We are used to going to banks for all our lending needs today, but the act of loaning money has existed long before there were banks. Before official lending institutions existed there were rich patrons who would lend out money to people who wanted it. When money were first created you'd have to borrow money from several rich people if you wanted a large sum of money for any reason. The act of loaning money a straight-forward process, but it was complex to administer loans to a lot of different people. In the past many people sometimes loaned money to a poor individual. Eventually, these wealthy people pooled their money together and made a banking institution which would handle the details of lending and collecting money on its own.

The most recent method of borrowing money more closely resembles how money lending was handled in the past: personal lending between two people. Most of these social loan sites are web-based because it helps lots of lenders give to lots of borrowers. This new method of borrowing money no longer involves a lending institution at all. With the coming of the Internet there's been a shift in the way many people are able to borrow money and lend it to others.

This new way of lending money is called "peer-to-peer" lending or crowd sourced funding. Peer-to-Peer lending lets multiple people lend their money to a single individuals or many of different people. In a crowd sourced loan a single party may end up borrowing cash from hundreds of different lenders. Most social network loans don't depend on your home's current value so these financial tools are great if you are wondering [what to do when your home is underwater](#). If you need to borrow \$1000 for a house repair then you may really end with one single loan that's funded by several dozen different people! So you could borrow cash for a small home improvement from a peer-to-peer lender and actually be getting money from hundreds of different lenders.

Peer-to-peer borrowing for home repairs is often a useful method to borrow money. Loans made through a peer-to-peer lending company can be relatively tiny or moderately big with many offering a max amount of \$25,000 and a minimum amount of \$1,000. You do usually have to have a pretty good credit score with a certain debt-to-income balance to qualify for many of these loans. Obviously, this type of loan is not good for every situation.

About the Author

Do you want to discover more about borrowing money for home improvements? You can learn all the details about [home improvement financing](#) and other home repair payment options by visiting our site.

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