LAW PRACTICE | FDCPA Legal Representation | Debt Resolution | Bankruptcy

1. Debt Consolidation: One way to deal with the situation is to consolidate bills into one payment by borrowing the money from a lender.. In order for this option to be the most effective, the client's credit profile must be in good standing to get a fair interest rate. It is also possible that they may not be able to get a consolidation loan unless they own property with equity. Banks are not readily lending money like they used to. Consolidation does not reduce your debts; it just combines them into one single payment.

2. Bankruptcy: Another option is to file for bankruptcy. There are two kinds of bankruptcy pertaining to consumers: Chapter 7 and Chapter 13.

Chapter 7 is called straight or liquidation bankruptcy. The court appoints a Trustee who may liquidate or sell some things that the client owns to pay their creditors. Most of their debt will be canceled, but they may choose to pay some creditors, usually to keep a car or home in which the creditor has a lien. Chapter 7 may eliminate most kinds of unsecured debt. Some examples of unsecured debts Chapter 7 may eliminate are credit cards; medical bills, personal loans, judgments resulting from car accidents; and deficiencies on repossessed vehicles.

Chapter 13 works much like credit counseling and debt management plans which I will explain next. In Chapter 13, most of the debts are reorganized into a single monthly payment. The payment will continue for 36 to 60 months. The client may not have to repay all of their debt. The minimum payment might be affected by property they want to keep. When they complete the payments, debt not paid is discharged. While in a Chapter 13 debt repayment plan, the creditors cannot collect from you, and the creditors are required by a Federal Court order to adhere to the terms of the plan.

3. Credit Counseling/Debt Management: Debt Management plans offered through non-profit credit counseling agencies and for profit organizations are another alternative. Many debt management plans are funded by the creditors. In practice, if a client enrolls in a debt management program, all of their creditors will agree to a specific plan for them to repay in full. Under this approved plan, each month the client will agree to pay a specific amount of money. The money they pay will be divided up amongst all of their creditors. In most instances, it will be at a lower interest rate than they currently pay. Debt management plans do not reduce the principal amount of debt and the client will continue to have payment amounts close to what they currently have. The client will remain obligated for the entire principal amount. Only the amount of interest and penalties could be reduced. In the end, they will pay a minimum of 100% of the debt. A debt management program will be noted on the client's credit report and will not come off until they complete the program within the 3 to 6 year time span. One will not qualify for Debt Management if they are more than 60 days late with their creditors. Many Consumer Credit Counseling agencies have been successful in reducing the accruing interest and even stopping additional interest from accruing during the program.

4. Debt Resolution: Please contact our offices at (866) 956-6882 to find out if you are qualified for our Debt Resolution program.