

Debt Settlement – Do-It-Yourself Guide

Just about all services one can perform themselves rather than hiring a person or company to do it for them. In most cases, people choose to hire someone to save them time, while in others they do so as they lack the expertise. Debt settlement is a service that one can perform to get themselves out of debt. If you are considering undertaking this service, this ebook represents a good starting point for learning how to do so.

Step One: Gather Information About Your Debt Situation. Questions you should be able to answer: How much debt do you have? Who holds these debts? How do I get hold of these creditors or collectors? What was this debt originally? How much did the debt start off as before fees and interest? Start by getting a credit report. You can get one free in most states at www.annualcreditreport.com. The Transunion report is the best one as it has complete account numbers. The credit reports also typically show the amount owed and give some contact information for each creditor. You should make a list of this information in an easily accessible format.

Tip: Gather up any evidence you may have for the debts already such as old bills or other evidence. There may be a part of the balance which is incorrect such as you may have returned the equipment in question, etc. Knowing more about your debt than your creditor is great information for bargaining with them.

Tip: Note if your creditor has incorrectly listed the information on your credit report. This is also a great tool for showing they have caused you undue damages and should be willing to settle more favorably. Collection agencies often list debts multiple times, place incorrect dates of last activity, etc.

Step Two: Organize Your Information and Prepare a Log. You should have easy access to all relevant info in case a creditor calls you. You should also have a log that you can use to track your progress. Settling a debt typically takes many calls and each should be logged as things can easily get very confusing.

Tip: Be sure to get the phone number, account number, and original creditor for each debt.

Step Three: Have a Plan. Know how much money you have available to settle your debts. Also be aware of realistically how much you can afford to pay towards debts each month. You will want to make a budget which is realistic for you so that you stick to it so make a detailed budget and don't lie to yourself in any way- cutting corners is a good idea but be sure you set a budget you can actually follow. Ideally you will want to pay debts off in a lump sum, called "settling in full" so plan to have certain amounts of money over certain time frames. Order your debts from most important to least important. For instance you might wish to settle the one that calls the most first. Or if one has reached a law firm that would often be a good one to prioritize. You may wish to set up a place to put your settlement funds so that you don't use the money. Note that it is best to actually have some money to offer (30-50%) before you begin the actual settlement process. Check

your state's statute of limitations on your debts to see if the company can still sue you in your state for that debt. Decide which debts you are simply unwilling to settle, if any. If some debts simply aren't yours and/or are fraud you will want to take other measures in these cases so make note of that as well and devise a plan for dealing with the issues.

Tip: Reality will not always go according to your plan so be flexible.

Step Four: Call and Log All Progress. For those debts which you have something to offer them, call the companies and make offers. Make sure the offers suit your budget. Also let the companies know that you only have enough now to settle a few of the debts and the first one to settle will get the funds. Call at the end of the month as that is when commissions are most needed by the salespeople. Build up rapport with one person at the company who will listen to you and maintain a steady conversation with that person. Get their full name and rep number. Don't show that you are desperate. Don't expect the settlement to happen in one phone call. Be careful what information you give. Telling the person that you make \$100,000 a year and you want to settle a \$500 debt is not the best strategy. Stress your hardship and the way in which the balance has been exaggerated. Don't call from nor give them numbers you don't want to be called on. Expect a dramatic rise in calls from those creditors that you do begin to call.

Tip: Try calling the original creditor first if the debt is in collection. They may tell you they have sold the debt already, but in some cases this strategy can save you a lot of money.

Tip: Most debts were considerably smaller than the balance shown. We have seen bounced checks for a pizza turn into a \$500 collection. Use the original debt as a bargaining tool for a plea for fairness.

Tip: Start low and make them force you to go higher. Some bargaining skill is often required. They may have to "check with their supervisor" and so you might have to "check with you husband" or "check your budget to see if you can cut any costs"

Step Five: Get Everything on Paper and Seal the Deal. This is the most important step in settling a debt. Once an amount that pleases both parties has been reached you have to get them to send you proof of that offer. Keep in mind that collectors will tell you what you want to hear to get you to send a check. They may tell you that sending us "\$100" will "take care of" the debt when in fact it would simply cover that weeks fees and that person's weekly commission bonus. Call back and telling them "so and so told me that the debt would be settled if I sent _____" would usually result in them telling you that that person had "no authority to tell you that" or "is no longer in this department" etc. Bottom line, if it is not on paper you don't have any leverage. Get them to send you the deal on their letterhead. Be sure the paperwork mentions the phrase "settled in full". Also note that deals will have a rapidly approaching expiration date so make sure you get them the money as fast as possible. Be sure to also get proof that the money got there before the expiry date. Make note of the money you saved to boost your confidence for the next one.

Tip: Be strong and prepared as debt collectors aren't usually the nicest people to speak to on the phone and often the resort to verbal abuse and scare tactics.

Tip: Consider sending the money by wire or direct draft.

With time and patience anyone can settle their own debts. Like building a home or fixing a car so can anyone do the job and get the satisfaction of having done it themselves. Just be aware the pitfalls of doing so and be prepared as possible for the battle that lays ahead.

If you'd rather have professionals work on your case, call today for a free consultation and a free quote.

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