

Tips:

Federal law makes it illegal for debt collectors to:

- use or threaten violence to collect debts.
- make untrue claims when trying to collect the debts.
- misrepresent legal action.
- call you repeatedly or at unusual hours.

If you think a collection agency is violating the Fair Debt Collection Law, call one of these free hotline numbers—or an attorney:

- Dept. of Agriculture, Trade and Consumer Protection—(800) 422-7128
- Office of Commissioner of Banking—(800) 452-DEBT (3328)

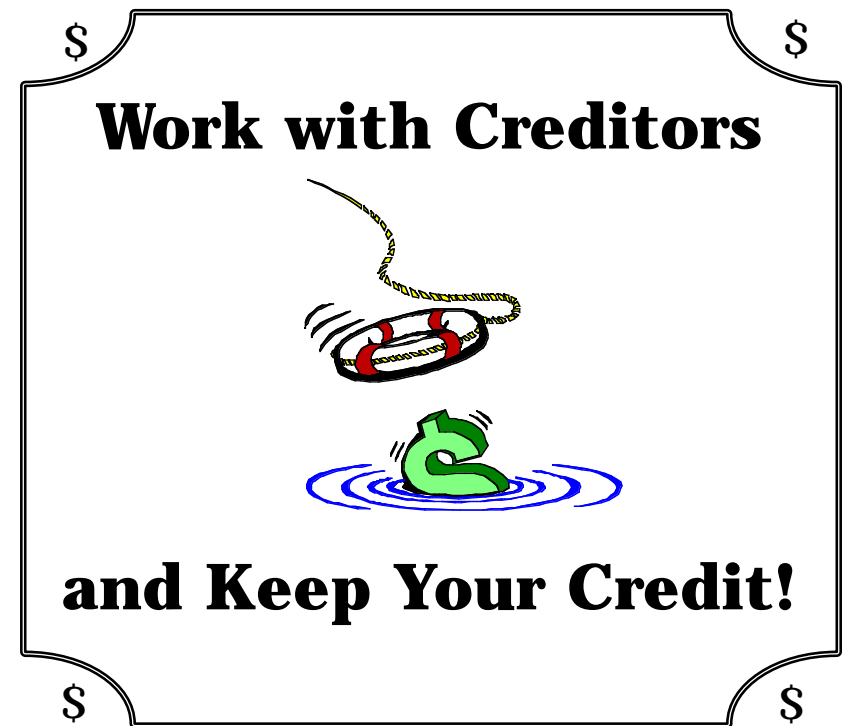
Prepared by Carolyn Krueger and Laurie Boyce, Family Resource Management Specialists, University of Wisconsin-Extension. This information is published by the University of Wisconsin Cooperative Extension Service in cooperation with the USDA and Wisconsin counties. UW-Extension provides equal opportunities in employment and programming, including Title IX and ADA requirements. 8/96



COOPERATIVE
EXTENSION

Family Living Programs

CR02: Work with Creditors and Keep Your Credit



Afford Healthy Food Choices with DOLLAR SENSE

What should I do when I can't pay a bill?

1. Begin by contacting your creditors. Don't wait for them to contact you.

- Visit creditors in person if you can
- Contact out-of-town creditors by phone or in writing. (An 800 phone number may be listed on your bill).

2. Be prepared to explain:

- Why you fell behind in payments
- Current income
- Other obligations
- Plans to bring this debt up-to-date

Think about the amount you can realistically afford to pay each month. Don't make promises you can't live up to!

3. Work with your creditor to agree on a payment you can both live with.

Your choices might be:

- Reducing the monthly payment
- Refinancing the loan
- Deferring payment for a short time
- Reducing or dropping late charges or interest rates
- Paying interest only, until you can resume making monthly payments
- Voluntarily giving back an item you purchased on credit
- Selling the item and using the cash to satisfy, or partly satisfy, the debt

4. Keep a record of letters and phone calls. Include who you talked with and the plan agreed to.

If you fail to follow the plan, you can hurt your chances of getting future credit.