



A Better Alternative to Credit Counseling,
Bankruptcy or Debt Consolidation

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Debtmerica is an Audited and Accredited Organization



Debt Settlement FAQ

Can Debt Settlement Really Allow Me to Pay Back Less Than I Owe?

If you are struggling to pay off your credit card debt, medical bills, or other unsecured debt, you may be wondering if the advertisements you see on the TV, radio or the Web are for real. The main questions consumers ask are “Can I really get out of debt for a fraction of the cost and pennies on the dollar? Will debt settlement help me get out of debt quickly, legally and safely? What are the effects on my credit rating and future ability to get a loan?”

Below you will see a variety of questions and answers that we wanted to share with you. These are among the most commonly asked. By reading on, it is our hope that you’ll be able to make an intelligent decision as to whether debt settlement is the right choice for you.

What Is Debt Settlement?

Debt Settlement (also referred to as debt negotiation, negotiated debt settlement or sometimes incorrectly called debt consolidation) means that your debt is negotiated down to a reduced amount and paid off in a lump sum. In some rare cases, multiple payments are utilized to pay off the debt, settling the account in full. In most cases, when you hear that debt can be paid off for pennies on the dollar, you are being misled. While in very rare cases, some debts can be settled for this very low figure, typically debts are settled within the range of about 15 – 75 cents on the dollar. However, historically, settlement amounts within the 40 – 60 cent range are much more realistic.

Settlement is one of the most effective choices available to consumers. It’s a great choice if you have more debt than you can pay off in a 2 – 3 year time frame or are experiencing a financial hardship that has you falling behind (or just about to be) on your monthly payments. Why would creditors choose to settle debts rather than simply charge you interest and late fees over and over again? Well, it’s really a matter of dollars and good sense. Creditors

Debtmerica Program Benefits:

- IAPDA Certified Agents, [View Example](#)
- Cut Credit Card Debt up to 40-60%*
- One Low Monthly Program Payment
- Debt Free in as Little as 12-36 Months*
- Alternative to Bankruptcy
- Save More vs. Credit Counseling*

[Learn More](#)

If you owe \$30,000,
you could pay...



Satisfied Clients

know that if you get into such a bad financial position that you can't pay your monthly payments, you may decide to declare bankruptcy or simply do nothing. In this case they may get nothing! Therefore, they are usually very willing to settle for a lower amount, given your hardship, than risk getting nothing at all, especially with a bankruptcy among the alternatives.

Is Debt Settlement a Better Choice Than Bankruptcy?

Bankruptcy may allow you to eliminate most of your debts quickly and this is typically referred to as a "Chapter 7 Bankruptcy." In other cases, you may be required to pay back a percentage of your debts over time. This is typically referred to as a "Chapter 13 Bankruptcy." Bankruptcy also offers legal protection under the court so that you don't have to worry about being sued or harassed by creditors while completing the bankruptcy process. While most reputable debt settlement firms will work to drastically and effectively minimize creditor calls and harassment, debt settlement does not provide the guaranteed legal protection that bankruptcy does.

Chapter 7 bankruptcy is not an option for everyone and it has gone through some changes since the bankruptcy reforms of 2005. Unlike the not so distant past, it has become more difficult to qualify for full liquidation (forgiveness) of your unsecured debts. Chapter 13 bankruptcy requires five years of court-ordered payments to a trustee, and may require you to surrender some of your assets.

However, as getting all of your options will help you make a more informed decision, speaking to a bankruptcy attorney may be a worthwhile discussion. Most reputable debt settlement firms can refer you to a trusted bankruptcy attorney if you have detailed questions or if they determine that you might be better served by speaking to them instead. Typically, if you are in such a financial state of hardship that you can't even make your minimum monthly payment into our program, speaking to a bankruptcy attorney is highly recommended.

What Makes Me a Good Candidate for Debt Settlement?

There are a few factors that a well-trained debt specialist can go over with you in more detail. In general, if you can afford to pay back your debts on your own by paying more than the minimum payment every month without hardship, it's probably the best route. It will not impact your credit score (and may improve it), and it will likely be relatively pain free. For those in true (or soon to be) financial hardship, debt settlement from a trusted and time-tested organization is a better option. If your total unsecured debt balances are less than \$10,000, Consumer Credit Counseling is an excellent choice as your payments can be consolidated into just one, and typically, interest rates are reduced on your accounts. However, be warned. Many counseling programs have a very high drop out rate, can last up to 5-7 years, and you end up paying back 100% of the debt you owe, plus any new interest.

Where Can I Find A Trusted Debt Settlement Firm?

With the huge rise in unemployment, unmanageable debt, economic problems, and uncertainty in the marketplace, many fly-by-night companies have sprouted up offering debt settlement to consumers that are not legitimate; in fact

Satisfied Clients



"I truly believe I came across your company for a reason. You have really coached me about this entire process. I am thankful for your efforts at putting my mind at ease!"

- Bonita



"From our first conversation I felt comfortable talking with you and discussing my hardships. You stepped us through the process answering any and every question."

- Brenda



"This process was easier than I thought. I appreciate the time you took to make me feel like I was your only customer. I would recommend your service to anyone."

- Francis



Debtmerica, LLC is a member of (TASC) The Association of Settlement Companies. This trade association has developed a standardized [industry disclosure](#) for consumers.



many are nothing more than scams. Some offer unrealistic settlement expectations or promise nearly impossible monthly payments and time horizons. They are simply doing this to make a quick buck at your expense!

A good debt settlement firm always trains its agents to help you understand what your options are and is very realistic with you about what to expect. Often, companies simply looking to scam you look to collect fees up front regardless of whether they stand behind their promises.

Be very careful! Many firms advertising an offer for debt settlement services are nothing more than lead generation firms that may sell your information to several potentially unscrupulous firms. Many of them will end up barraging you with constant phone calls and have nothing to do with the company you “thought” you were contacting. Make sure to clearly read and understand the privacy policy and terms of use of any firm that you call on or submit your information to.

Will Debt Settlement Affect My Credit Score?

If you are current on your payments, it is very difficult, if not impossible to settle your debt. Creditors typically want to see that you are in a hardship situation before they are willing to negotiate. Therefore, you will have to voluntarily stop paying your unsecured debts; allowing them go into delinquency before settlement. In addition, you cannot pick and choose which debts you wish to settle in most cases. Your creditors and/or collections agencies may review your credit report, and most will be unwilling to negotiate when they see that they are being offered less than what is owed to them while others are being paid on time as agreed. Secured debts, such as a home loan or car loan are collateralized; you should continue to pay these accounts on-time to avoid repossession or foreclosure proceedings.

By not paying your creditors, your credit will be adversely affected by debt settlement. However, having to experience this circumstance is almost always better than dealing bankruptcy, especially on your credit rating. During your debt settlement program, your total balances are being lowered over time as they are settled in full - a great start to recovery! And while no reputable debt settlement firm should guarantee any form of credit score improvement, your credit score may rebound upon graduation from your debt settlement program.

Can I Settle My Debts On My Own?

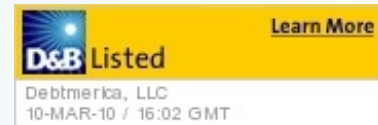
If you have just a couple debts or less than \$10,000 in debt, you could try to talk to your creditors directly to settle the accounts yourself. There is a lot of information publicly available to assist with this, but word to the wise: If you owe over \$10,000 in debt, have several accounts you need to settle, or need the structure and the guidance of a knowledgeable professional, you should seek out the assistance of a knowledgeable debt settlement firm.

Debt settlement is by no means an exact science. And it's difficult for an individual lacking experience with creditors to determine whether a settlement is fair or not. In addition, you have to directly handle all creditor calls and the harassment that comes with the job. Many people are simply unable or uninterested in handling that kind of

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pressure, especially with the daily complexities of managing a job, household or family at the same time.

Hiring a professional debt settlement firm with a good reputation can no doubt save you more money, give you better advice, and get you out of debt in a much less stressful manner, enabling you can move on with your life. Always make sure that you heavily screen who you are working with, and especially make sure that they are a fully accredited organization by a major industry association. TASC (The Association of Settlement Companies) is by far one of the most successful of these. Many if not most legitimate firms will at the very least be a member.

How Will Debt Settlement Affect My Taxes?

In general, in the United States, the IRS considers debt which is forgiven as income. This means if you borrow \$15,000 on your credit cards and settle it for \$8,000, the \$7,000 difference is taxable as income since it is not repaid. However, the IRS will often waive this tax liability if you can show that you were insolvent during the time in which your debt settlement took place. We highly recommend a quick call to your accountant or tax professional for further discussion. You may be relieved with what they have to say!

There are always very clear and real responsibilities when dealing with debt, especially when you don't pay back 100% of what you owe. However, once you can remove your debt problem from your life, a whole new world of opportunity can open up for you.

Debtmerica's Twelve Questions to Ask a Debt Settlement Company

Debtmerica is a **fully accredited** member of TASC (The Association of Settlement Companies) and has been audited to verify that we are fully compliant with all of its best practice standards. If you are thinking about working with a debt settlement company to settle your debts, there are some essential questions we feel you should ask before you sign up::

1. Are you a member of TASC?

TASC (The Association of Settlement Companies) is the largest trade association serving the debt settlement industry. TASC members voluntarily agree to comply with TASC's strict industry standards. Any company you choose should be an accredited member. By being accredited, the firm has been audited on-site by an independent third party verification organization, which verifies that the debt settlement firm adheres to the TASC best practices standards needed for accreditation. Don't settle for anything less!

2. How long have you been in the debt settlement business and how much debt

have you settled?

Many firms out there may have flashy websites or sound professional on the phone, but you'd be surprised of their actual experience level. Many if not most, don't even have their own marketing initiatives in place and simply buy leads from lead generation companies. In addition, certain agents you speak with may not have experience with debt settlement either and are simply professional salespeople, looking for a fast commission. If the debt settlement firm cannot provide proof of its experience, settlement history, and accreditation, you should not be working with them.

3. Are you licensed in my state?

There is legislation in a minority of states which places restrictions and requirements on any form of debt management. While the federal government in many ways regulates debt settlement in addition to state governments, it's important that you as the consumer follow up with any firm you work with to find out if they are able to legally provide services in your state.

4. Do you have a money back guarantee if I change my mind?

While there is no firm in existence that can guarantee any exact percentage of debt settlement or any specific time period in which you will get out of debt, what you should expect is some form of a fee guarantee, whereby if certain expectations are not met, then a portion of your fees are refunded.

5. What are your fees?

The total of your fees should be no more than 17% of the total debt which you are trying to settle. A portion of these total fees are most effectively collected once each month directly from the special purpose account set up specifically to facilitate the debt settlement process.

6. Will you be making monthly payments to my creditors?

Debt settlement firms do not make your monthly payments to creditors for you. Rather, any payments made to creditors are a result of negotiated lump sum settlements or in rare cases, based on a pre-negotiated settlement payment plan.

7. Who is holding my money while I'm waiting on a settlement?

Your funds should be held at a third party account, referred to by many as a "trust" account or "special purpose account" which is FDIC insured. This account should always be in your name with you having ultimate control over

its funds regardless of the terms of your settlement program. If the debt settlement firm tells you to save money on your own, the likelihood of graduating from your program historically has proven very minimal. Any reputable debt settlement firm endorses the special purpose account as the most effective method of client savings.

8. When can I expect my first settlement?

If you make your monthly payments on time and follow your program protocol correctly, you should experience your first settlement within 12 months. However, settlement isn't an exact science. If you only carry a couple very large balances, then it may take longer depending on your creditors and your monthly payment. However, for many, 12 months is a good benchmark but you should discuss this in full with a debt specialist.

9. Can you stop my creditors from calling me?

It is impossible to stop all creditor calls. However, most reputable debt settlement firms will aggressively work to minimize the number of creditor calls that you do receive following your enrollment.

10. Can I get sued?

Yes, this is a possibility based on the motives of each individual creditor but it is based on several factors and isn't as cut-and-dry as one would assume. Any reputable debt settlement firm will never put you into a program that lasts over **48 months**. This greatly minimizes the risk as much as possible.

11. Will this have a negative effect on my credit report?

Yes, there will be an adverse effect on your credit report while in your debt settlement program. All debt settlement programs will have a negative impact on your credit report and you should be VERY cautious of any firm that tells you to the contrary.

12. Can you tell me exactly how long this will take and exactly how much this will cost?

Any reputable debt settlement firm will provide you estimates based on historical and empirical data. While a good estimate can be obtained as to your time horizon, nothing is exact. However, remember, your total fees should always be no higher than 17% of the total debt which you enroll. Make sure you check on this!

TASC's Top 10 Frequently Asked Questions

TASC (The Association of Settlement Companies) wants you to understand both the potential benefits and pitfalls that may arise out of the debt settlement process and to have reasonable expectations regarding the outcome of your program. Below are the questions which TASC has laid out on its own in its efforts to successfully guide consumers to the most favorable outcome when enrolling in a debt settlement program. We wanted to also include them for you.

1. What is the goal of a debt settlement program?

When you enroll into a debt settlement program, the goal you have set is to negotiate mutually agreeable settlements between you and your creditor(s) for payment of certain unsecured debt(s) described as Enrolled Debts. No specific results can be predicted or guaranteed.

2. What are my responsibilities once I enroll in a debt settlement program?

You will be responsible for saving sufficient funds that you control to fund settlements that your debt settlement company will endeavor to negotiate on your behalf. You and only you will be in control of all settlement funds. Under no circumstances will your debt settlement company have custody or control of the funds you set aside to fund debt settlements.

3. How much will I be expected to save towards my debt settlements?

The savings plan you are expected to follow will be detailed in your Client Agreement. Summaries of the total settlement amount, monthly savings, and the period needed to reach your goal will be prepared based on the goal you select. Those summaries reflect the minimum amount that your debt settlement company has estimated you will need to save to put yourself in a position to reach your goals. Actual settlement amounts, necessary savings and the period required to reach your goal may vary based on creditors actions and other factors.

4. Will all of my creditors and collectors negotiate with debt settlement companies?

Most creditors and collectors negotiate with debt settlement service providers. Debt settlement companies cannot force the negotiations and cannot force creditors to accept a settlement. Debt settlement companies do not make regular monthly payments to your creditors. Your creditors may continue collection efforts on delinquent accounts while you are enrolled in a debt settlement program. Such collection efforts can include phone calls and letters to you, charging off the account, sending accounts to collection agencies or attorneys, lawsuits and even garnishments of your wages if a judgment has been obtained. Debt settlement companies should not claim that they will be able to stop these collection activities as these activities may continue while the company is making its best efforts to negotiate your debt.

5. How long does a debt settlement program last?

Debt settlement programs assume an effort that will continue for many months. The time needed to produce a settlement depends on a number of factors. These may include: (a) your financial hardship, (b) the age and balance of the accounts that you owe your creditors, c) the funds you have available to pay for a settlement and (d) the willingness of individual creditors to enter into debt settlement negotiations. While no guarantees can be given, generally the quicker you save money the sooner you will be in a position to reach your goals. Increased savings will provide you with the option to accept lesser discounts and will also enable you to accumulate funds to reach your debt settlement goals more quickly. However, any settlement must be acceptable to both you and your settling creditor.

6. What do the debt settlement company's fees cover?

The fees paid to debt settlement companies are intended to compensate the company for its efforts and will only be refundable to the extent they have not been deemed to have been earned in the manner described in the Client Agreement. Debt settlement program fees are not being set aside or held in escrow to fund debt settlements.

7. When does the debt settlement company communicate with my creditors?

Communications with the creditors are handled on a case by case basis. In some instances creditors may not be contacted until several months after you enroll.

8. What is debt settlement?

Debt settlement companies provide consumers with a method of debt resolution known as debt settlement. Debt settlement is an aggressive method of debt management that depends on the negotiation of mutually agreeable settlements between the consumers and the creditors.

9. Is the amount I save on each of my settlements taxable?

When your creditor settles your debt, a savings of \$600 or more off what you owed may be reported by your creditor to the IRS as Discharge of Indebtedness income. You may wish to consult your tax advisor to determine whether your individual circumstances may permit you to exclude any such Discharge of Indebtedness Income from your reportable income due to insolvency. For more information on tax ramifications to you personally you may also wish to consult a CPA or Tax Attorney and to refer to the IRS website www.irs.gov IRS Publication 908- "Bankruptcy Tax Guide" and IRS Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness available on the IRS website.

10. Can a debt settlement company provide legal advice?

No, debt settlement companies are not law firms and cannot provide legal advice.

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Achievements

Debtmerica has had one vision since inception - to help Americans nationwide attain financial independence.

At Debtmerica, we're proud of our [achievements and honors](#). They represent our commitment to our vision and clients.



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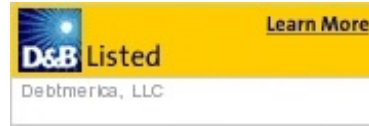
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*Estimates are based on historical results and individual results may vary, including the ability to save sufficient funds to complete your program, the creditors in your individual portfolio, and underwriting guidelines. Statements made are examples of past performance, which are not intended to be a guarantee of any future settlement results. When you contact Debtmerica, LLC we will attempt to understand your situation and determine whether you are qualified for our debt resolution programs. Debtmerica, LLC assists with unsecured debt only and any use of "debt free" only applies to accounts that are successfully enrolled and upon program completion. While our programs work aggressively to reduce your debt balances, creditors are under no contractual obligation to negotiate or accept settlement offers. Debt reduction percentages do not include program fees; guarantee that your debt balances will be lowered by a specific amount or percentage, or that you will be debt free within a specific time period. However, if at the completion of your debt resolution program your total debt reduction equals less than two (2) times the amount of fees paid, we guarantee to refund a portion of those fees. This refund is calculated so that your fees will never equal more than one-half (1/2) of your total debt reduction. This fee guarantee does not apply to consumers referred to debt resolution programs utilizing attorney-based negotiations. We do not assume consumer debt, make monthly payments to creditors or provide tax, bankruptcy, accounting or legal advice and we do not provide credit repair services. Please contact a tax professional to discuss tax consequences of debt settlement. By providing your contact information, you agree to receive return telephone calls, emails or other communications from Debtmerica, LLC and/or its affiliates and expressly waive any "No Call" preference or registration. Photographs used are not actual clients. Debtmerica, LLC is not affiliated with MSNBC, Fox, CBS, MarketWatch, USA Today, Inc. 5000 or OCBJ and logos used are registered trademarks of their respective owners. Not available in all states. Read and understand all program materials prior to your enrollment.

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