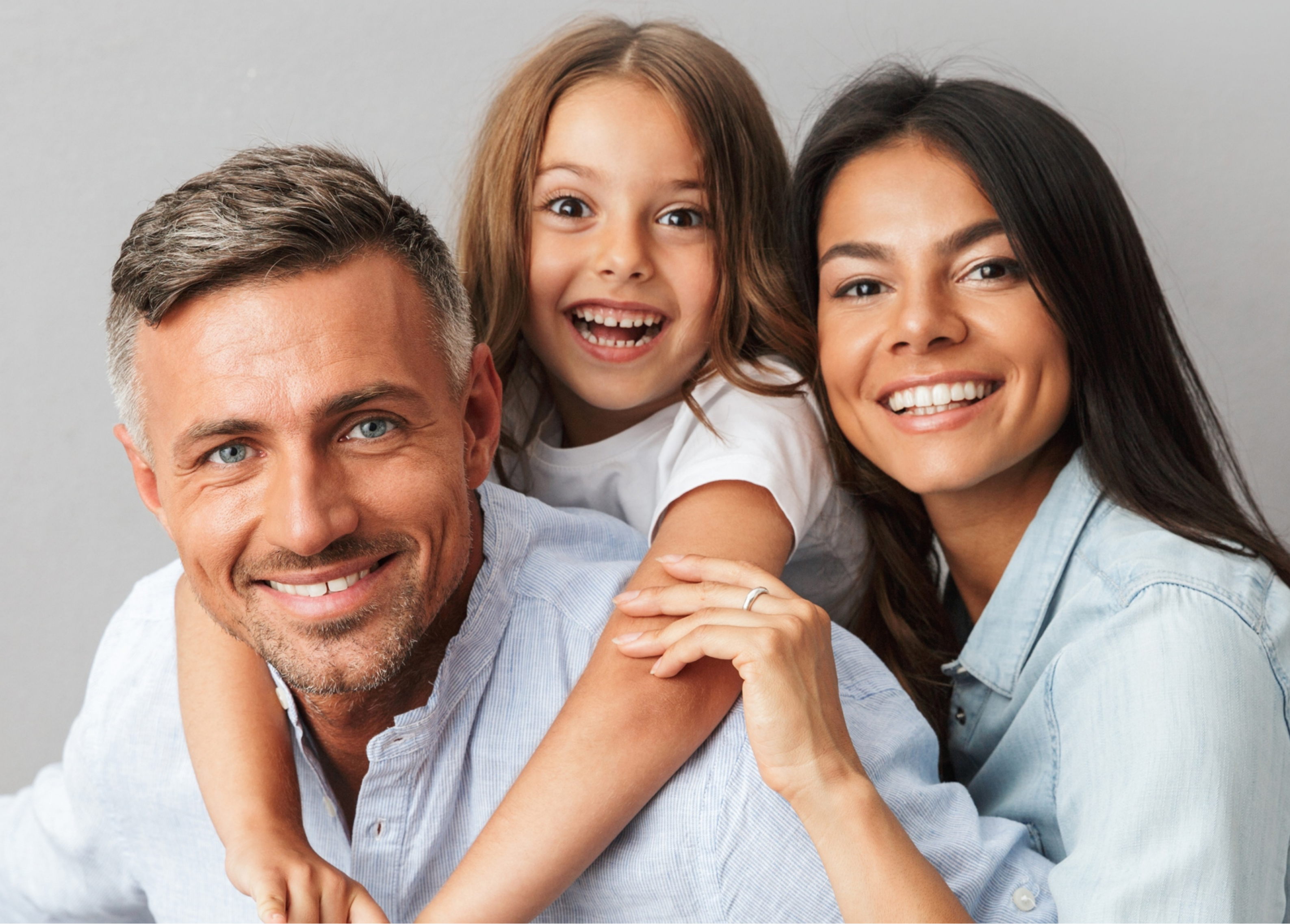
FRANKLIN
Legal Group

Live Debt Free!



The information provided in this resource guide is for educational purposes only. It is not intended to be relied on as legal or tax planning advice. The information contained herein has been compiled from publicly available sources that were accurate at the time of publication.

TABLE OF CONTENTS:-

Are you going through financial hardship? 5

Debt: ONE OF THE WORST CAUSES OF STRESS 6

Do I Have a Financial Hardship? 7

What are my options? 8

Franklin Legal Group Debt Consolidation 9

Debt Consolidation Loans 10

Unsecured Consolidation & Related Topics 11

Pros & Cons of Debt Consolidation Loans 12

CONSUMER CREDIT COUNSELING 13

The Risks of Consumer Credit Counseling 14

DEBT NEGOTIATION 15

Is a Debt Negotiation Company Right for Me? 16

Debt Relief Discussion 17

How Can I Negotiate With Creditors On My Own? 18

BANKRUPTCY 19

Two Types of Bankruptcy 20

CASE STUDY 21

FREQUENTLY ASKED QUESTIONS 22

FREQUENTLY ASKED QUESTIONS (Cont..) 23

FREQUENTLY ASKED QUESTIONS (Cont..) 24

NOTES 25

NOTES 26

Financial Health Assessment 27

Financial Health Assessment (Cont..) 28

Interpreting Financial Health Assessment Results 29

DEBT REDUCTION 30

The Avalanche Method 31

NOTES 32

NOTES 33

Let's Help You Resolve Your Debt Issues (Contact us) 34

Are you going through financial hardship?

LET THE FRANKLIN LEGAL GROUP ASSIST YOU NOW!

If you or a loved one is struggling along with debt, then you know first-hand how it can impact each facet of your entire life. Not only does it leave you feeling helpless & insecure, but the stress just seeps through all your relationships and creates such domino-effect tension in your relationships with family, your marriage, and friends. Research has proven that debt has an exhausting impact on both your psychological & physical health as well. All those who struggle with debt tend to feel isolated, distracted, and lonely. You are never alone, though - not with the Franklin Legal Group! There are millions of people who are all going through such similar trials and tribulations, and the ones who trusted a great debt relief company like Franklin Legal Group are so much better because of it.

So many of them borrow money hoping for relief from financial pressure. Any such relief is temporary. Consequently, the debt piles up and you're more indebted and in a deeper trap than you could have imagined. Living in denial and ignoring the reality of your financial situation only heightens the issue, pulling you much deeper into debt. Consumers usually become aware of any serious issue with debt only when it has already spread beyond the purview of a simple fix. You might not know the importance of the debt or what alternatives are available to you. You may even consider bankruptcy.

Although there may be several good, valid reasons for filing bankruptcy, this long-term destructive step can usually be avoided by educating consumers about all of the alternative choices. You should start by honestly answering some vital questions to determine what kind of assistance you require to assess your financial situation.

DEBT:

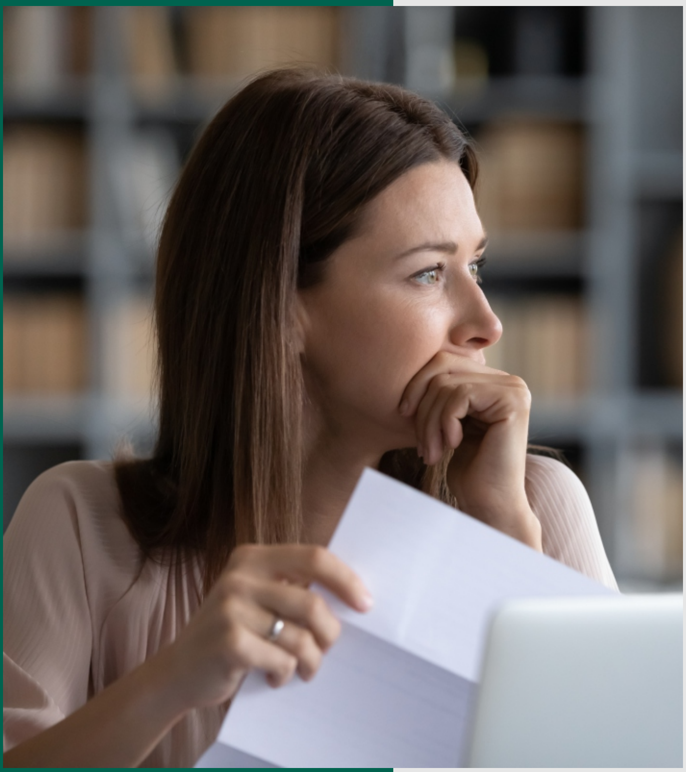
ONE OF THE WORST CAUSES OF STRESS

"I don't know how I'm going to make my minimum payments and pay the bills. I just don't have enough every month. I feel like I'm drowning."

Grappling with overwhelming debt is always tough. The path towards financial stability is long and taxing for so many. On that note, there's always a way out, a solution. With apt understanding and professional guidance of the available debt relief alternatives, anyone can sense their path out of the dark canyon of uncontrollable, crippling debt.

To get you started on the correct track, this report on eradicating debt without entertaining bankruptcy is an introduction to all the various methods that debt relief experts and consumers like you are using to combat debt & financial uncertainty all across the board.

There are various perspectives for dealing with debt but none are overnight solutions. When it comes to financial issues, there are no overnight solutions. There are various solutions, however, that are not as tough or costly as many people had felt they'd be. Essentially, debt consolidation, debt settlement, and debt reduction are magnificent ways for tackling debt head-on without a lot of false promises and upfront fees.



Do I have Financial Hardship?

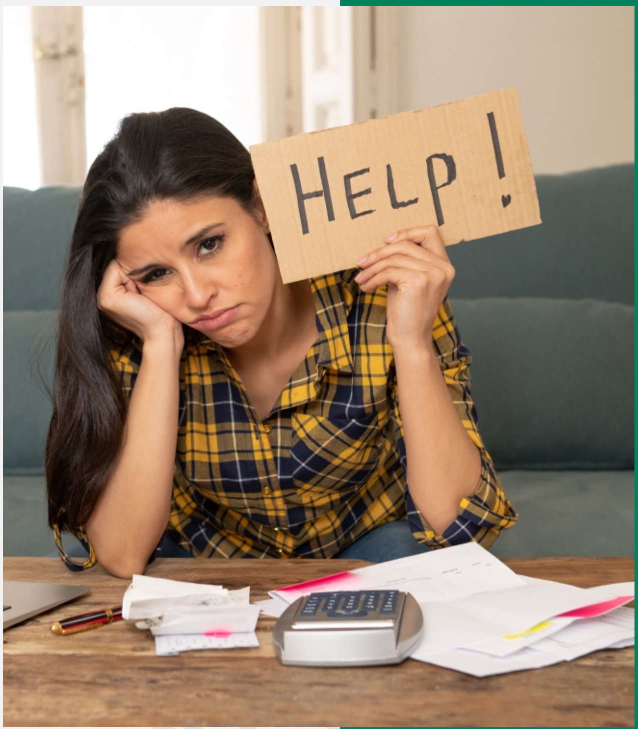
The Avalanche Method is perfect for all those who do not need supplementary motivation and a sense to move forward instantly. With the confidence, you can follow through with your debt payment, even though you might not instantly see any outcomes.

There are many consumers who will benefit more from the Snowball Method, even though it might appear counterproductive in comparison. The concern is that debt reduction is more than a mathematical and financial system.

A huge portion to address debt resides in your own determination and capability for sticking to the plan. It's the Snowball Method that makes it possible for many to repay debt. It takes off some pressure and delivers a mental enhancement of confidence.

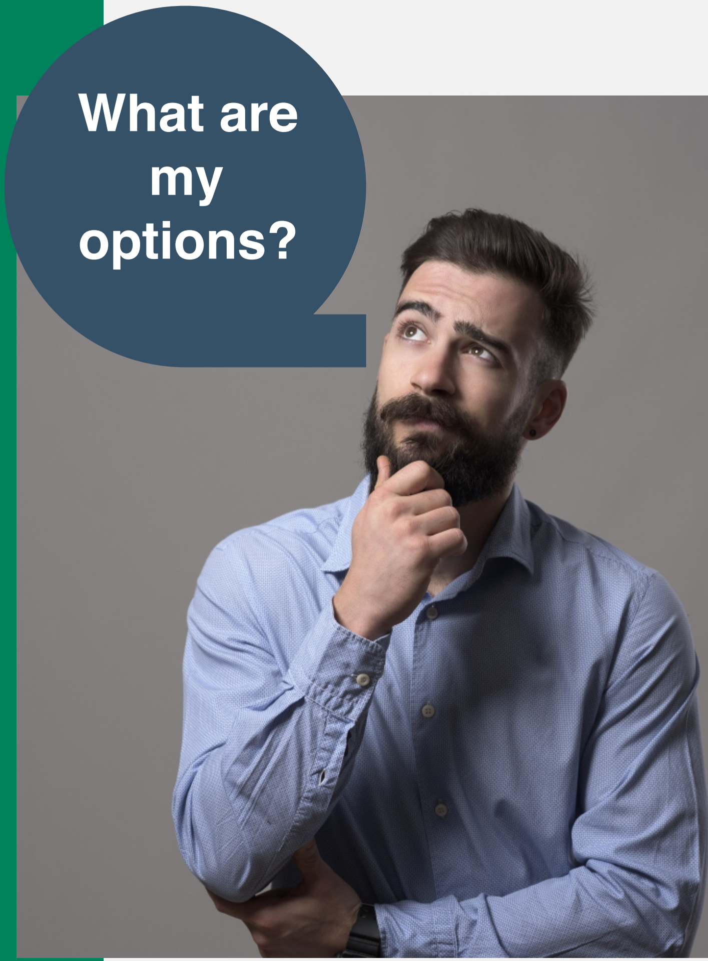
Do I Need Help?

Consider mixing it up. Try fluctuating between both methods. You can begin with the lowest balance. Once that's paid off, focus on the debt with the highest interest. In this way you save some money on interest while giving yourself the much-required mental enhancement!



The biggest issue with any debt negotiation strategy is that it would have a negative effect on your credit profile if you already do not have bad credit through missed or late payments. Instead of "Paid in Full," your credit report would be updated to "Settled." It could be several years before banks are actually willing to approve an unsecured loan for you again. The amount that the bank agrees to "forgive" from your debt is considered taxable income. If, on a total debt of $10,000, the bank agrees to settle for $5,000, then the IRS would expect you to pay income tax on the $5,000 balance.

While debt negotiation enables you to reduce your debt through a settlement program, this might never be a good choice for those who do not have the resources for saving for the settlement. Further, since you stop making monthly payments to the banks, you become bombarded with collection calls and late fees are added to your debt.



THE ROLE OF THE DEBT NEGOTIATION COMPANY

When you can no longer make all the minimum payments to your creditors, then Franklin Legal Group can establish a monthly payment that is deposited into a dedicated account which you always control.

The agency bargains with your creditors for around 5 or 6 months. Eventually, the creditors agree to settle for an amount that's much lower than what you originally owed, on the condition that you make the payment in a short period of time (usually 2 or 3 months). You then make the payments from your settlement fund in accordance with all the terms of the settlement and, just like that, the debt is settled and you're done with that creditor.

The Franklin Legal Group Debt Consolidation

- The Snowball Method
- The Avalanche Method
- Debt Consolidation Loans
- Consumer Credit Counseling
- Debt Negotiation
- Bankruptcy

Debt Consolidation Loans

Debt consolidation is the plan to consider when debt reduction is no longer a viable option. You'll need to answer a few more questions to find out if you are no longer a good candidate for debt reduction and must begin to look into another approach.

Debt Consolidation Candidate Assessment

1. Are you frequently unable to meet minimum payments?

2. Are you consistently making late payments?

3. Have you borrowed money for basic amenities like food and gas?

4. Excluding car and house mortgages, do your debt payments exceed 25% of your income every month?

Evaluating Results

INFO

If you answered yes to more than one of these questions, the harsh truth is that you are struggling with poor financial stability and overwhelming debt. You don't have the financial resources to pay off your debts and you need to start considering solutions and alternatives.

If you make late payments, you will not qualify for a low rate APR debt consolidation loan and will not be able to use this debt reduction method.

Coping with Debt & Seeking Solutions

The first thing is to locate the problem, as you have hopefully acknowledged by now that there is a problem. Accepting and coping are two different things. This is the part where you recognize that a significant change has to occur if you're going to get back on your feet.

If shopping, partying, video-gaming, or fine dining habits have only recently begun to exceed your income, you may be able to backtrack by re-establishing a more limiting budget and referring back to the basics. However, even discovering and addressing the source of the financial instability is not always going to be enough to get you back on the right track. This is where debt consolidation comes in.

Unsecured Consolidation

Many banks offer loans only when you have a very good credit score. If you do not, then you may have to approach another type of financial agency. The catch is a higher rate of interest plus you won't save much money than your present credit card rates of interest.

The Risks of Consolidation

Though it might appear to be an inexplicable solution that allows you to pay off all your debts overnight, it's not how debt consolidation actually works. Even if you eradicate all your debts, you actually create new ones and face new risks.

The Risk of Higher Interest

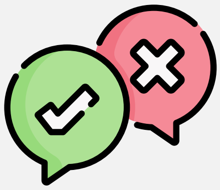
It's a risk that initially might not seem perceptible. The bank offers a loan that's payable over a period of 5 years with a miniscule monthly payment. Even though the 5-year tenure duration permits you to make miniscule monthly payments, it also means you will have to pay up a huge sum of interest.

Home Equity Consolidation Loan

A Home Equity Loan includes putting up your entire house as collateral. This makes it a secured loan. It's very unlikely that any bank would provide you a huge amount of loan money without any collateral. An Equity Loan can be with either a variable or a fixed rate of interest. The Fixed Rate is better in that your rate of interest will never increase with time.

The Risk of Increased Debt

Research suggests that almost 70% of the people who opt for a consolidation loan find themselves in a worse financial status than they were in earlier. People usually take the loan, pay off the concerned debt, and all of a sudden have new credit with a new impulse. This temporary relief can trick people into thinking that they can now afford that brand new smart phone or television.
If you are unable to restrict all of your expenses, then the debts will pile up all over again.



Pros & Cons of Debt Consolidation Loans

Debt Consolidation consists of taking out a new loan to pay off all your other, older debts that you have combined together. The huge benefit lies in its convenience. Rather than paying off various debts, you only have to make a single monthly payment to your consolidation loan. Opt for a consolidation loan with a lower rate of interest, if possible. A consolidation loan can turn more harmful to your financial situation across a long-term duration. There are various risks, alternatives, & strategies to consider prior to taking out any debt consolidation loan.

The Risk of Losing Your Home

Putting your most vital assets on the line generally isn’t a great idea, but many people end up doing so. Banks wouldn’t loan a big sum without collateral, and sometimes the only evident choice is of securing a mortgage against your house. Equity Loans tend to come with low fixed/variable interest rates, making them more appealing. Avoid taking an equity loan if you are not too confident of being able to pay it off. This choice is usually best for people who’re certain that their financial issues are temporary and there’s a higher income ahead.

THE RISK OF DEBT CONSOLIDATION SCAMS

The Federal Trade Commission has revealed that there are financial agencies that are just looking to purge money from people who’re already deep in debt and scared about their predicament. The victims of these scams end up with larger and uglier financial issues. All financial agencies aren’t a sham, though. Differentiate the factual ones from the cons by arming yourself with knowledge and taking simple steps to avoid being tricked:

1. Read agreements cautiously in their entirety.
2. Research the agency.
3. Ask creditors if they would work with the agency.
4. Check in to be sure that payments are being made & collected.
5. Avoid agencies making big promises with less to back them up.

CONSUMER CREDIT COUNSELING

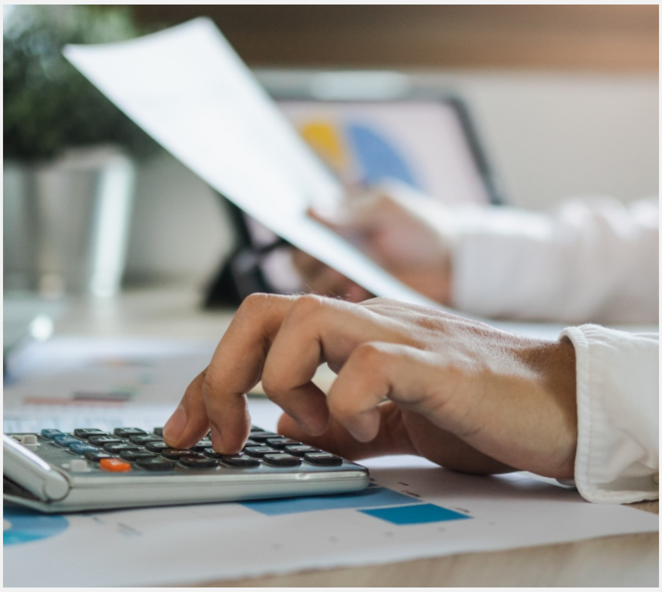
Consumer Credit Counseling is a division of the Franklin Legal Group. We assist families and individuals resolve financial problems by avoiding bankruptcy through budget counseling, credit counseling, debt management programs and financial education. Through these efforts we help you achieve your financial goals and regain a sense of financial well-being.

How Does Credit Counseling Work?

Once registered with a credit counseling service, you'll be assigned a counselor who thoroughly reviews and discusses your financial status. Your debts are examined and a Debt Management Program is created for you with a practical budget for your outlays that is designed around your individual wants and means.

Paying debt could take months or years as you are required to follow your Debt Management Plan till the end. Credit counseling services also impart credit education services that provide you the skills to better manage your weekly/monthly budgets. It's enticing to skip this step, but you may be surprised how much you can learn about credit and be able to stay debt-free via a consumer credit counseling program.

Debt Management Plans



A Debt Management Plan (or DMP) is developed in agreement with your creditors and the credit counselor, all with the aim of assisting you pay off your debts in a comfortable and practical manner. It should lessen your minimum monthly payments via negotiations for lower interest rates. Once any agreement is reached, the Plan itself is set to roll. All you need to do is send one monthly payment to the credit counseling service for them to divide among your creditors.

The Risks of Consumer Credit Counseling

The Risk of Affected Credit

INFO

Consumer credit counseling services are noted on your credit report. Banks might be hesitant to loan you money due to this. The fact that you used a counseling service shows that you were unable to manage all your finances on your own.

The Risk of Early Termination

INFO

Debt Management Plans generally are designed for a duration period of 2 to 6 years during which you could be expected to pay off your full debt. However, your DMP could be terminated early if you regularly continue to make late payments.

Other Things to Consider

Consider the Cost

INFO

While most credit counseling services are publicized as nonprofit enterprises, the reality is that they must charge you a small fee for their service. This fee can be an upfront payment made at the start or a miniscule amount subtracted from monthly payments you make towards your 'outstanding' debt payments. You must ensure that everything is discussed in advance during your first discussion with your credit counseling service: how much you'll be charged, the fees, the deductions, whether you must pay upfront and that you fully understand exactly what's being charged. Consider them very carefully, confident that you actually know all the details before making your decision.

Consider Your Own Availability & Ability

INFO

Technically, there's nothing that a credit counselor can do for you that you can't do for yourself, if you have the understanding of what to do and the time for it. The primary benefit of hiring a consumer credit counseling service is its convenience, that it's much easier to permit someone else to do the legwork and handle the details. This alone makes the service worth the cost and time involved for you. But if you're comfortable preparing any budget,
negotiating with creditors and developing a 'sustainable' debt payment plan, you might be able to save that little bit of money by managing the situation on your own. Just do your research and understand exactly what you need to do before you try it.

DEBT NEGOTIATION

Depending on your financial condition, it's totally possible that without help you will never be able to pay off all your debts entirely with your present income alone. There's one last option before bankruptcy, for those still wishing to fend it off. Debt negotiation is a drastic, very aggressive outlook, and the last resort before bankruptcy for all those drowning in debt.

How Does Debt Negotiation Work?

Debt negotiation entails the tireless bargaining with banks.
You are asking the banks to forgive a huge chunk of your debts
in exchange for a settlement paid in either one lump sum or
in monthly payments. If all goes well, at the end of it you will owe the banks half (or less) of what you did before. If the bargaining goes extremely well, you can also lessen the total amount of debt to less than half.

For example, if you owe a bank $10,000 in credit card debt, you negotiate
with the bank to allow you to close the account with a one-time payment
of $5,000. In return for the one-time payment, the bank agrees to forgive and erase the other $5,000 balance.

It's something that can be done with a debt negotiation agency or on your own, though it might be tougher to try alone if you do not have the resolve and restraint to stick with it. Still, with apt information and a good amount of confidence, it could be done on your own.

Pros & Cons of Debt Negotiation

The biggest, most obvious benefit of debt negotiation is that
it lessens your debts considerably. With a great debt negotiation plan, you could get the banks to forgive almost half (or even more!) of what you owe them. Debt negotiation is considered the last resort and the best solution for those who prefer to avoid bankruptcy.

Utilizing the debt negotiation plan, you could pay off your debts in 2 to 4 years. There's the miniscule risk that one of your creditors might decide to pursue litigation if you cannot pay the entire amount of your debt. Debt negotiation is legal and gives you the right to hire an attorney if needed.

Is a Debt Negotiation Company Right for Me?

Debt negotiation companies provide you with expert negotiation (mediation) services. Someone in the agency bargains with the bank on your behalf to make your life much easier, while all you need to do is ensure you keep up with your programmed low monthly payments, that you make them. You will have to pay the debt negotiation agency a fee for their services, and some charge a fee for you to utilize the savings account where you deposit your programmed monthly payments.

Debt negotiation isn't applicable to everyone. You must be in a considerably tough financial condition to convince the banks and the credit card agencies that the only way you can pay off all your debts is by negotiating a settlement. You must explain your entire financial situation during your negotiation with your creditors. All the information you provide them will be cross-checked, so if the banks and credit card agencies have any reason to believe you are not struggling as much as you've led them to believe, they won't be inclined to settle.

The following are some questions that will help you decide if debt negotiation is your best choice:

1. Do you actually have a very noteworthy and real financial issue?
2. Do you owe over $25,000 in unsecured debt?
3. Is the majority of your entire debt credit card debt?
4. Can you come up with the financial resources for a Settlement?

Financial hardships include losing your job, a death in the family, getting divorced, serious illness and medical bills, and any such notable hurdles. If your credit card reflects that you've been out shopping, taking vacations, or eating at restaurants, creditors will not trust that you're in financial distress. Credit card agencies and banks usually are only willing to settle your account if you owe a total minimum of $10,000 or more in debts. You cannot get your creditors to just settle for 50% or less for small amounts.

DEBT RELIEF

Debt negotiation agencies generally base their fee on your enrolled debt amount. These fees could vary by state but are generally 18-25% of your entire debt. Compare this fee with the $1,000s you spend on interest and late fees whenever you make only the minimum payments on your credit cards and you will appreciate that getting professional assistance with your credit card debt makes so much financial sense.

If you're using a debt negotiation agency, confirm that they're efficient and reliable. Many agencies are renowned for making false promises on a huge fee. Such agencies might be unable to efficiently settle your entire account.

Check out http://www.bbb.org/ regarding accredited debt negotiation agencies that can assist you.

Also, look for a debt negotiation agency that charges no upfront fees and only collects its fee when they have successfully settled your credit card debt. Where a company only gets paid if they're successful, it is known as a 'contingency fee'.

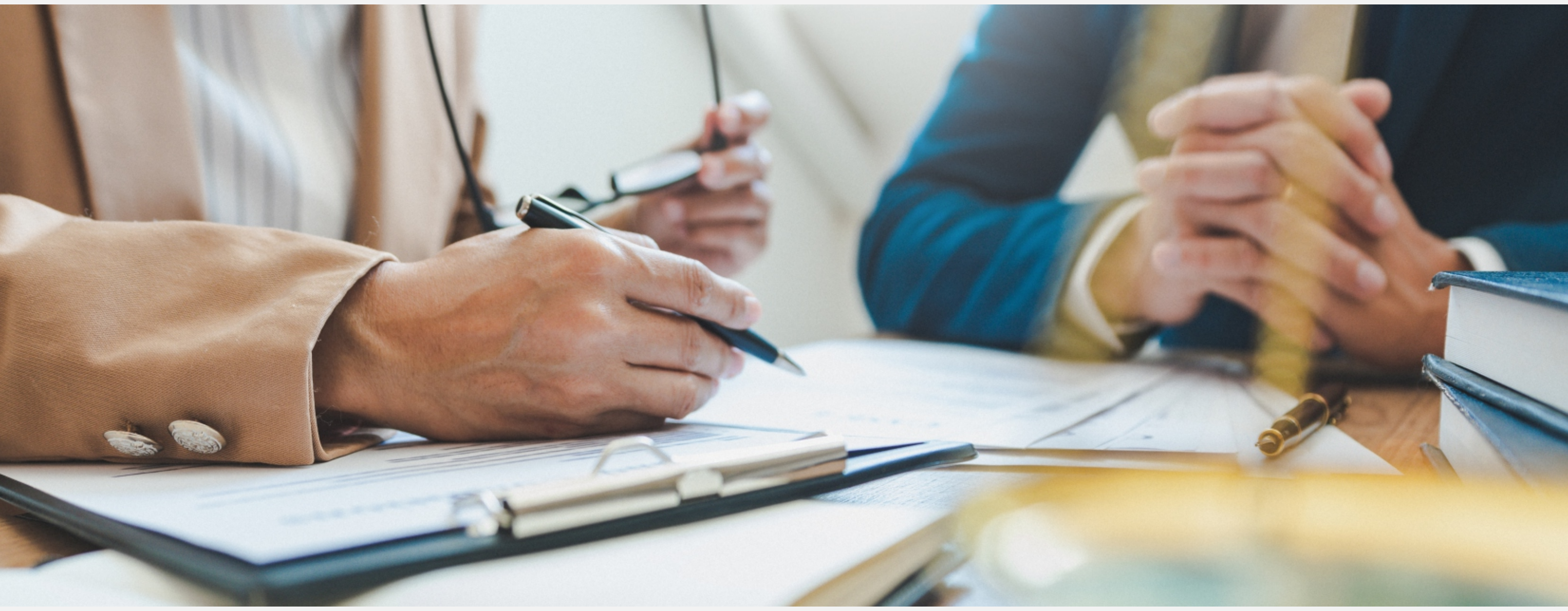
You should best look for a debt negotiation agency with a money back guarantee policy in case you're ever unhappy with their procedure or for any other reason for that matter.

Debt negotiation isn't for everyone and an agency shouldn't hold you hostage if you ever change your mind.

INFO

If you want to talk with a Debt Relief Expert call 800-314-1751

How Can I Negotiate With Creditors On My Own?



It’s possible to negotiate with your creditors on your own and to reach your own reasonable settlements. If you’re in a financial hardship, you have likely reached a point where you can no longer afford your monthly payments. It might no longer make any sense to continue to throw good money after bad, because most of your payment would be earmarked towards interest and fees anyway, thus making it impossible to catch up with the actual debt of the loan.

Many consumers by no fault of their own fall pass due on their cards and ultimately stop paying their creditors and instead save their funds for a settlement offer down the line. Creditors do not negotiate with consumers who are on time. However, when consumers fall past due, the banks are willing to settle after 120 days of being past due.

Getting the banks to agree to settle isn’t an easy task and typically takes a few months of negotiations. You will have to call them repeatedly and they'll generally forward you to someone in the delinquent accounts department. You once again will have to explain that you’re in dire financial straits and won't be able to make all your payments anymore.
Initially, the creditors will balk at settling, but do not let this discourage you. As the months transpire without a payment, the creditors become more receptive to your settlement offers. They certainly are much more likely to settle if they think you are on the verge of declaring bankruptcy, because they might not receive any of the money in such a case anyway. That is why you will have to be disciplined and call them every couple of weeks to let them know your financial situation hasn’t improved and that you are thereby contemplating bankruptcy.

If it all goes well, the banks will ultimately agree to settle for 50% of the original balance, or even for less. You will be given a time period deadline of a few months in which to make the payment. Once you receive the agreement in writing, then you can make the payment on your settlement and move on to the next one. If it sounds like a lot of work, it is because it is. It takes energy, determination, and time to follow through and stay in contact with all your creditors and keep pushing for a settlement whenever they say no. That's why many people prefer to have a reputable debt negotiation agency do everything for them.

BANKRUPTCY

You have read through your alternatives, researched them, and perhaps already attempted to pay off all your debts in some way or another, yet nothing has worked for you so far. Your financial situation appears to be worsening with time and absolutely nothing is actually working out for you.

IS IT TIME TO FILE FOR BANKRUPTCY?

The most unattractive baggage with bankruptcy is that it can impact your credit report for up to 10 years. Even prospective employers might be unwilling to hire you. Getting any type of loan, mortgaging or buying a house, or a car, will be so tough to accomplish - that is, if you’re even allowed to accomplish it at all. However, if you're in an irreversible financial hardship, bankruptcy might be your best and only choice. The banks would be compelled to cease and desist their collection efforts. You will not have to pay your creditors anymore, and bankruptcy offers you a chance to start all over again, with most of your debts erased - depending upon which kind of bankruptcy protection you qualify for.

Just ask yourself the following questions before you go ahead and file for bankruptcy:

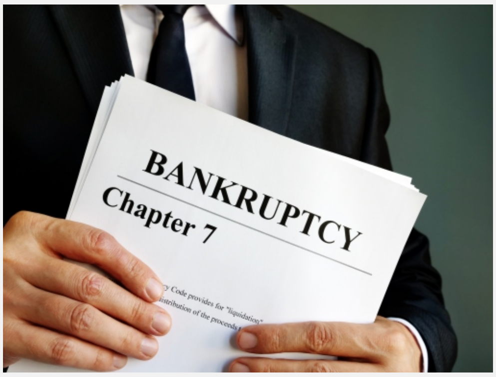
1. Is your monthly income lower than the state median for your family size?
2. Is your debt to income ratio over 40%?
3. Have you determined that other choices aren’t practical for you?
4. Are you about to lose Property?
5. Have you had a lawsuit filed against you and/or received notice to appear in court because of an inability to pay up your debt?

If you answered yes to all of the above, you're already bankrupt. You will be required to prove your eligibility to file for bankruptcy, which should be the least of your difficulties during this time. If your monthly income is below the state median for the last 6 months, you automatically pass the bankruptcy eligibility test.

Bankruptcy is a legal process and any decision related to such should only be made after careful consultation with an attorney who practices bankruptcy law. Franklin Legal Group does not provide legal consultation or legal advice, and so the bankruptcy information contained in these materials was gathered from publicly available sources.

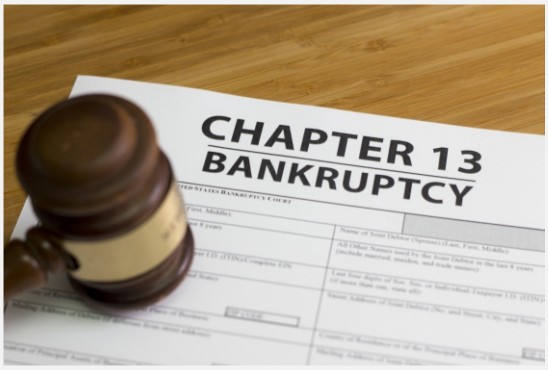
Two Types of Bankruptcy

There are 2 different types of bankruptcy that you will want to familiarize yourself with. These need a means test to ensure that you have a legitimate claim for bankruptcy proceedings.



CHAPTER 7

If your monthly income for a family of your size is less than the state median, you are eligible for Chapter 7 bankruptcy. It’s also known as 'Straight Bankruptcy' or 'Liquidation.' This is the quickest, easiest and most common type of bankruptcy. Certain properties, like your vehicle, clothes, house, furniture, specific appliances, and tools are deemed exempt properties. You will thereby be allowed to keep these. Any non-exempt properties, such as antiques, second cars, and second homes will be liquidated towards paying off your debts. Your secured debts may or may not be forgiven. If you’ve been behind on these payments, the court may allow your creditors to repossess property that you used as collateral. Chapter 7 bankruptcy procedures generally take 3 to 6 months. The cost for Chapter 7 bankruptcy varies, depending on if you hire a bankruptcy attorney to help you with its filing. It can run from hundreds of dollars to a few thousand dollars.



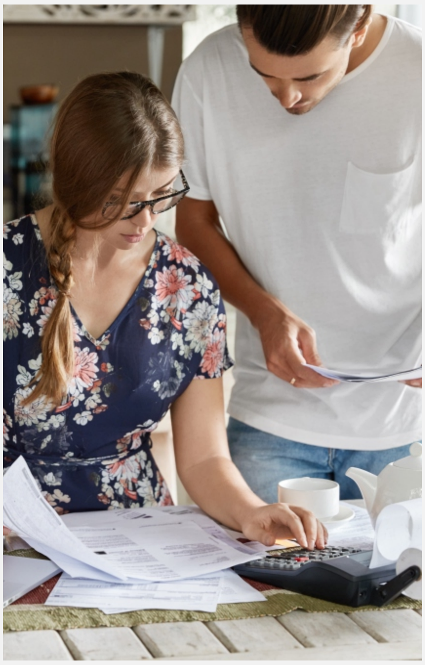
CHAPTER 13

Also known as ‘Reorganization Bankruptcy,’ Chapter 13 proceedings allow you to keep your business and certain other assets, rather than liquidating.

Chapter 13 doesn’t erase all your debts. Instead, you will have to pay a certain part of your debt over a period of 3 to 5 years. You’re only eligible to file for a Chapter 13 bankruptcy if you can prove to the court that you have disposable income after you have paid for your basic necessities and you can afford to be paying off a certain part of your debts. It also means that you will never be permitted to file for a Chapter 7 bankruptcy. Chapter 13 doesn’t forgive secured debts or “priority debts” such as alimony, child support and certain taxes. Under a stringent repayment plan, any money that you’ve left over from your expenses will be utilized for the unsecured debts.

CASE STUDY

A Family in Financial Distress



Jane and Adam live in California with their 2 children. They've been served a notice to appear in court because they have not been able to pay off their credit card debts. The monthly median income in California is $6,351 for a family of 4. Together, Jane and Adam have a monthly income of $8,700. However, a fast calculation shows that their monthly outlays are generally around $9,500. Should they consider filing for bankruptcy? With their dire financial situation, the only way Jane and Adam could seek protection from the lawsuit filed against them is by filing for bankruptcy. Since the monthly income for Jane and Adam is larger than the state median, they aren't directly eligible for Chapter 7.

However, after a means test, it's discovered that Jane and Adam earn around $800 less than they require to cover the outlays for the basic necessities of their family each month. There's no way this family will be able to pay off all their debts, even if the court assigns them a 6-year Chapter 13 bankruptcy plan. Jane and Adam earn less than they need to cover their basic necessities. They would pass the test and would be eligible for a Chapter 7 bankruptcy filing.

WHAT'S THE CATCH?

The most obvious downside to bankruptcy is that it could impact your credit profile for up to 10 years. This has a negative effect on your chances to get a decent job or of finding anyone willing to sell you a car or house. Banks will be unwilling to give you any loan if they see that you've been unable to pay your debts in the past. There are many loans that are considered "Non-Dischargeable," which you will have to continue paying after bankruptcy. Non-dischargeable debts include alimony, student loans, child support, taxes, government fines or penalties, and debts incurred due to fraud. Now, getting rid of most of your debts gives you a chance to start all over with considerably lesser pressure to make ends meet, and many see it as a fresh beginning, though it's worth it to always know all your choices.

FREQUENTLY ASKED QUESTIONS

Q: How do I know if my debt situation has gotten out of control?

A: If you are reading this report, you probably already realize that you need to take drastic steps to tackle your debts. If you are still in doubt, then take a closer look at all other aspects of your life. Any person drowning in debt generally has to deal with strained relationships and health issues caused by excessive stress. If you've been struggling to make ends meet and have noticed a considerable increase in collection calls, it is time to accept that you're in a dire financial condition that requires dealing with immediately.

Q: How do I control my credit card debts?

A: Dealing with huge credit card bills can be tiring and unpleasant. The best solution is to avoid using credit cards as much as possible. They should be used only as a last resort and, even then, you must stick to credit cards with a low interest rate. If you can afford to make the monthly payments on time, you'll spare yourself the additional late fees.

Q: How do I access my credit report?

A: It's vital to check your credit report at least once each year. Under the Fair Credit Reporting Act (or FCRA), you can request your credit report every year via http://www.annualcreditreport.com. The website will ask you to fill out some basic information to access your entire report.

Q: How do I calculate my Debt-to-Income Ratio?

A: Your debt-to-income ratio is the percentage of your debt compared to your monthly income. You first make a list of your debt obligations, which includes car loans, mortgages, taxes, child support, alimony, insurance, utility expenses, any housing expenses, and credit card debts. Divide this by just your monthly income. Example: Your monthly debt obligations total $5,000 and your monthly income is $9,500. Divide debt payments by monthly income (5000/9500). This gives you a ratio of 0.52. Multiply by 100 and you have 52% as your debt-to-income ratio.

Q: How does my Debt-to-Income Ratio affect me?

A: You do not have to worry about your financial situation if your debt-to-income ratio (or DTI) is less than 36%. If it's between 38% and 40%, it's at the upper limit. If your DTI is greater than 40%, it just is time to tighten your budget and to look closely at all your finances. Banks consider DTI before giving out any loan. They prefer a DTI less than 36%, with almost 28% for mortgages. DTI is most vitally utilized when considering your eligibility for bankruptcy.

Q: Can I choose the debts I want to pay through debt consolidation?

A: Yes, you're permitted to choose the debts you want to pay off in a debt consolidation program. Since you will pay a fee for enrolling in such a program, your best choice is to try and pay off all of your debts. You can leave out a few if you really wish to do so.

Q: How are credit counseling and debt negotiation companies different?

A: Credit counseling services are utilized only for the purpose of debt consolidation. Such services provide you with a counselor who will discuss your financial situation and design a budget plan for you. At the end of the service, you are provided a course on credit education. Credit counseling services generally are non-profit organizations, though they might charge a very small fee. Debt negotiation agencies use a far more aggressive approach to reduce your debt. These are for-profit organizations that charge a higher fee than credit counselors.

Q: How do I find a good credit counseling service?

A: Look for local offices or just find them on the Internet. Check with your local consumer protection agency to ensure that their service is legitimate. It helps if you know someone who's utilized the service before and you can get an honest opinion from them. Contact the counselors and then ask them for free information about all their services before paying any type of fee.

Q: Are Debt Negotiation Companies Legitimate?

A: The most reputable debt negotiation agencies have been around for years and it's easy for fraudulent agencies to make victims out of uninformed debtors. Few agencies use abusive and deceptive practices while negotiating with banks and credit card agencies. It could get you in legal issues. However, there are many Debt negotiation agencies that do a good job negotiating a settlement for you in a way that's entirely legal. It's vital to thoroughly research any debt negotiation agency before using any of its services.

Q: Would my creditors file a lawsuit against me if I try to settle my debts?

A: It's vital to understand that whenever creditors file any lawsuit, they're only trying to get you to pay them. In cases of delinquent accounts, especially one in which you have missed multiple monthly payments, it's unlikely that your creditors would pursue legal action.

Q: Will I be able to use my credit card after negotiating a settlement?

A: Because you've settled your debt and paid the credit card agency just a fraction of what you originally owed them, it's unlikely that they will let you continue to use their cards. Once you've settled all your debts, you can apply for new credit accounts later in a short time.

Q: How Is A Means Test Carried Out?

A: A Statement of Current Monthly Income & Means Test Calculation is a document used to determine a person's monthly income and expenses. It's compared to the state median income. Generally, means tests are calculated based on the standard living expenses of the particular state in which the person being tested resides, not the actual living expenses of the person filing for bankruptcy. A meeting with creditors, known as Meeting 341, is arranged to correctly determine the person's financial condition.

Q: Can I file for bankruptcy without an attorney?

A: Yes, you're permitted to file for bankruptcy without any attorney. However, since a lay person is not well versed with the nuances of the law, it's advised to use an attorney. Filing for bankruptcy is a delicate legal process so having an attorney will be very helpful.

Q: Will I have to go to court if I file for bankruptcy?

A: The 341 meeting with the creditors is held in court and anyone filing for bankruptcy has to attend this meeting. The person filing for bankruptcy is questioned under oath about his/her financial condition and the court appoints a trustee to the case.

NOTES

NOTES

Financial Health Assessment

1. How secure are you with your yearly income?

A. Extremely secure	B. Somewhat secure
C. Somewhat insecure	D. Extremely insecure

2. How has debt affected your personal finances in the past 5 years?

A. Almost no effect on my personal finances	B. A fairly manageable effect
C. Somewhat unmanageable effect on my personal finances	D. Huge effect on my personal finances that made them unmanageable

3. How often do your monthly expenses exceed your income?

A. This never happens.	B. This happens 1 to 2 months out of the year
C. This happens 3 or 4 months out of the year	D. This happens 5 or more months out of the year

4. Do you prepare a personal weekly or monthly budget?

A. Yes, I always prepare and stick to a budget	B. I try to keep up with a budget, but infrequently lapses
C. I've tried to keep a budget, but find it tough to maintain	D. I don't prepare a personal budget at all

5. How easy or tough do you find it to stay within a monthly budget?

A. It's very easy for me	B. It occasionally lapses
C. I seem to struggle with this more than others	D. I find this very tough or impossible to do so.

6. Do you feel like you have adequate money for entertainment?

A. Yes, we are able to have lots of fun	B. Yes, we are able to enjoy the basics
C. We can rarely afford entertainment	D. We cannot afford entertainment at all

Financial Health Assessment

7. Do you set aside money regularly for emergency/future requirements?

A. Yes, on a consistent basis	B. Frequently, but never consistently
C. Sometimes, if I have extra money	D. I can't or don't afford the luxury to set aside any money

8. How many credit cards do you have?

A. I do not have any credit cards	B. I have 1 or 2 credit cards
C. I have 3 or 4 credit cards	D. I have more than 4 credit cards, a true collection

9.Do you borrow money or use a credit card to pay off debts?

A. I have never done anything like that (and wouldn't)	B. I am seriously considering this as a practical choice
C. I have already done this in the past once or twice	D. I have done this countless times

10.Do you have and follow a strict regimen to pay off your debts?

A. Yes, I always prepare and stick to a budget	B. I try to keep up with a budget, but occasionally lapses
C. I've tried to keep a budget, but find it tough to follow	D. I don't prepare a personal budget at all

11. Have you ever lied to your creditors or made unrealistic promises to them?

A. I've never done this	B. I've done this once or twice
C. I've done this more than a few times in the past	D. This is something I frequently do

12. Is the stress of your debt affecting your health or relationships?

A. Financial stress hasn't impacted my health/relationships	B. Financial stress has had a slight impact on my health/relationships
C. My health and relationships are impacted by the stress of debt	D. My health and relationships are impacted by the stress in bad ways

Interpreting Financial Health Assessment Results

Score your assessment by utilizing any of the following parameters:

A=10 Points, B=7 Points, C=5 Points, D=0 Points

101 - 120 is a perfect or nearly perfect score. You're probably not truly struggling at this point. You might be interested in educating yourself about consumer debt and protecting yourself from potential financial pitfalls.

60 - 79 indicates that you're truly struggling, though you have choices. You're in a complex and unstable financial situation that's impacting your quality of life.

It's going to be tough for you to pay off all your debts, but not impossible. You're feeling the weight of your debt, looking for any practical solution, and seeking sound advice.

80 - 100 indicates that you are in good standing. The situation isn't ideal, but it is still manageable. With a little planning, you can successfully pay off the debt and land yourself in a much better financial situation.

While you might be facing some overwhelming debts at the moment, there is a good chance that you could get yourself back on track fairly easily. Learn a bit about your choices and avoid any extreme measures.

Below 60 indicates that your situation is quite serious and you should seek advice from a qualified debt relief professional.
You require immediate, comprehensive debt relief choices. There's always hope, but you need expert assistance.

DEBT REDUCTION

Debt reduction involves 2 distinct attitudes, frequently promoted by financial gurus for successful debt reduction. All of these include - the Snowball and Avalanche methods.

The Snowball Method

The Snowball Method entails the creation of a list of your debts, ordered from the lowest balance down to the highest balance, ignoring rates of interest. Pay the debt with the lowest balance and then move up. Pay the minimum amount on all other debts while focusing on the lower balance accounts. All these debts will be repaid much more quickly, improving your entire confidence and motivation while preparing you for the bigger debts that would follow.

Snowball Method Example

Credit Card1	$1,500	$60 Fixed Pay (above minimum due)
Credit Card2	$3,500	Pay Minimum
Student Loan	$12,000	Pay Minimum
Auto Loan	$15,000	Pay Minimum

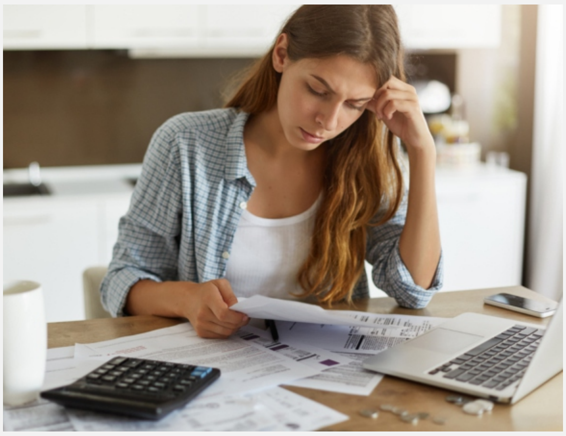
INFO

Note that the minimum payment is paid on other accounts until the lowest debt is paid off and the rate of interest rate isn't noted or even considered to be a factor.

Pros & Cons of the Snowball Method

While the Snowball method provides you with much required motivation, it doesn't take rates of interest into account. As you focus on settling your smallest debt, the ones with the higher rates of interest are piling up. Depending on how you view the situation and where your motivation lies, this is definitely something to think about.

The Avalanche Method



Many prefer to modify the Snowball method to start with the accounts that have the highest rates of interest, ignoring the balances in this organizational scheme. Pay the minimum amount on all your debts, putting in any extra money towards the one with the highest rate of interest. Once that account is paid off, just focus on the debt with the next highest rate.

Avalanche Method Example

Student Loan	15% APR	$300 Fixed (above minimum due)
Auto Loan	12% APR	Pay Minimum
Credit Card2	10% APR	Pay Minimum
Credit Card1	7% APR	Pay Minimum

INFO

Note that the interest is the most vital factor here, and balance is not considered.

Pros & Cons of the Avalanche Method

The vital benefit of this method is that it doesn't let your interest pile up as much as the Snowball method. Since you tackle the debt with the highest rate of interest, you limit the interest payment, so the Avalanche method is much more efficient in saving money in the long run. But, using this methodology does take longer than the Snowball method, making it feel tough and tedious to follow through with.

NOTES

NOTES

Let’s Help You Resolve Your Debt Issues

FRANKLIN
Legal Group

Giving you tranquility and power

Call us

800-314-1751

Visit us

www.franklinlegalgroup.com

Live Debt Free!