

What if nothing is working?

If your debt is too much or you risk losing your home or car, consider bankruptcy. Bankruptcy is a court order saying you don't have to pay certain debts. Bankruptcy stays on your credit for 10 years and can make it difficult to get new credit, buy a home, or buy a car. Bankruptcy is also a fresh start when budgeting isn't working, your home is being foreclosed, or your car has been repossessed. If you think bankruptcy is best, talk to a lawyer about your options.

Will my credit ever get better?

Over time, your credit will get better. Bad debts usually stay on your credit report for 7 years. Court judgments and bankruptcies can stay on your report for 10 years. Making a new history of paying your bills on time will make your credit better over time.



Contact Information

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Jackson Office (Main)

Serving Decatur, Gibson, Hardeman, Haywood,
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Tips for Getting Out Of Debt

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WTLS EEOC Officer
210 W. Main Street
Jackson, TN 38302-2066

Where is my money going?

Make a budget. A budget helps you figure out a plan for your money. First, gather all your expenses, like your car note, rent, credit card payments, and utilities. Next, gather your income from your pay stubs. Add up your income and subtract your expenses. When you are done, look for things in your budget you can change to have more left over each month. Your goal is to stop adding to your debt and pay down the debt you have.

What about all these credit cards and medical bills?

Once you know how much you can pay, call your creditors to work out payment plans. They may agree to stop charging interest while you pay the debt down. If your debt is in collections, call the collector to set a payment plan. Don't let a debt collector bully you into paying more than you can afford.

What if I'm behind on my mortgage?

Talk to your lender about options. They might lower or suspend your payments for a while. If your lender won't work with you, talk to your local legal aid about a mortgage modification. Do not ever pay someone to help you modify your mortgage. HUD-approved housing counselors provide this service for free.

What if I'm behind on my student loan?

If you owe a federal student loan, the Department of Education has programs that could help, like income-based repayment plans or deferment. Applying for these programs is free. Visit studentaid.gov or talk to your student loan servicer. If you owe a private student loan, you may have fewer options. Talk to your loan servicer about programs they offer.

What if I'm behind on my car note?

Talk to your lender about options. Most contracts say the lender can repossess without notice the first time you miss a payment. Repossessions are costly. To get the car back after a repossession, you usually must pay all the missed payments, plus towing and storage costs. The lender could also tell you to pay the entire loan balance in full. If the lender won't work with you, consider refinancing your note or selling the car yourself if the lender agrees, and paying off the debt.

What's a consolidation loan?

A consolidation loan combines all your debt into one loan payment. Usually, you borrow money from a bank or other lender and pay off all your debts with the money. Then, you pay the bank back. Many of these loans will make you put up your home as collateral. Be careful! If you don't make your payments, you could lose your house. If your debts are unsecured (like a credit card debt or medical bill), a consolidation loan secured with your house is usually not a good idea.

What if I can't make a budget or stay within my budget?

Talk to a credit counselor. A reputable credit counselor can help you make a budget and a plan to pay your debts. Most credit counselors are free or charge a small fee. Local credit unions, your bank, or a local college may offer credit counseling services.

Be wary of debt management plans or debt settlement services. Many of these companies charge high fees for their services, make promises they can't keep, and don't pay your creditors in a timely manner. You could end up getting sued by a creditor while you're in a debt settlement plan!

