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Avoid Bankruptcy with a Consumer Proposal by Andersons

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It can be hard to pay off all of your bills, no matter how hard you work on eliminating them. You can often afford to pay some money, but not as much as is being asked from you. If you are faced with this situation from month-to-month you may want to consider a consumer proposal. A consumer proposal is similar to a debt management planâ€”however you only repay a portion of your debt and you must secure the services of a trustee. The difference between these two is a debt management plan is a voluntary agreement between you and your creditors, while a consumer proposal is a legally binding procedure.

A consumer proposal gets its name because you are basically â€œproposingâ€• a deal to your creditors; in order for it to work creditors have to agree with your proposal. Consumer proposals are created to allow trustees to negotiate on behalf of their clients for repayment plans with their creditors. As a legal procedure there are specific rules to be followed on both sides, so the creditor and consumer can be treated fairly.

If you are having trouble eliminating your debt and are thinking of filing for bankruptcy, this might be a better solution. You may also use a consumer proposal if you are just looking for better ways to deal with what you owe. For example, consumer proposals are often a good option if you canâ€™t get a debt consolidation loan, because of a bad credit score. Consumer proposals are generally a viable choice if your debts exceed $ 5,000, to a maximum of $ 250,000 (not including your home mortgage).

It may sound unlikely that your creditor would accept a consumer proposal where they get less than the full amount owed but there are reasons on your side that make it possible. Creditors donâ€™t want you to go bankrupt because then they do not recoup any of their money. It is better for creditors to receive at least some of the money you owe rather than none.

A consumer proposal has its advantages:

â€¢ By negotiating with creditors you agree to repay only a portion of the debt you owe.

â€¢ Your maximum repayment period is five years.

â€¢ Interest stops accumulating at the date you file.

â€¢ You can save your house or any other assets.

â€¢ The effect on your credit rating is less severe than in the case of bankruptcy.

â€¢ All collection activities by creditors are immediately stopped, including wage garnishment (except support and alimony).

â€¢ Your creditors are restricted from taking any legal action against you.

There are some things a consumer proposal wonâ€™t do for you:

â€¢ Eliminate your support and alimony obligations

â€¢ Eliminate your student loan obligations â€¢ Let you pick and choose the debts to be included

â€¢ Handle any secured debts like house mortgage and car loan.

The only way a consumer proposal can work is if you have the ability to make your payments. If you know how to negotiate with creditors properly for the best possible solution a consumer proposal can help solve your debt problems. If you are not sure how to deal with creditors on your own consider hiring a professional to negotiate on your behalf.

There are many credit counselling companies in Canada that can provide you with experienced counsellors. They will help you find the best solution to address your current debt. A trained credit counsellor can assess your situation, answer all of your questions and help you choose the best way out of your financial difficulty.

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Through education, credit counselling and debt management, http://www.consolidatedcredit.ca enables folks pay back debt faster. Receive addiitional information regarding a a debt management plan immediately!

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