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5 Step Debt Relief Plan - How to get out of debt fast by Jane Brown

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Power has always been with the strong. The notion of power was always associated with individuals who had strength, leadership, position and a strong support from all quarters. Dynasties have ruled over different areas of the world with the possession of power with them. Today, power is synonymous with money. The one who has money - has all the powers. With money one can buy anything and can become powerful. Of course, there are many things money cannot buy, like love but some other than that everything in this world requires money.

Since the days of nomads, human beings have grown stupendously. Rough thatched huts have been replaced by magnanimous bungalows and slow creeping bullock carts have been replaced by luxurious BMWs and Ferraris. All this has been possible with the inflow of money into the world economy. But the crave for more luxury and a lavish lifestyle has given rise to the need for more money, and the more the need for money, the more people tend to borrow it from varied sources in order to bridge the gap between their demand and supply. This has led people falling under enormous pressure of debt of money that is either borrowed from banks, independent money lenders or investors.

Let us understand what exactly is Debt and how does it affect an individual:

Whenever any object exchanges hands it needs two sources - a sender and a receiver. When money exchanges hands, these two are - the creditor and the debtor. So in this context, debt is an obligation owed by one party (the debtor) to a second party, the creditor. Usually, debt refers to assets (that have a monetary value) or money granted by the creditor to the debtor but often at times a specified time duration or term is also used to cover moral obligations and other interactions not based on economic value.

We can say that a person is in debt when a creditor agrees to lend a sum of assets to him/her making them a debtor. Debt is usually granted with conditions that specify expected repayment which includes repayment of the original sum, plus interest levied on the original sum.

A debt is made with an agreement between both the debtor and the creditor which specifies conditions for the debt to be repaid; this agreement is referred to as the standard of deferred payment or loan agreement. This payment is usually denominated as a sum of money or sometimes be denominated in terms of goods or services. As per the loan agreement, payment can be made in increments over a period of time, or all at once at the end of stipulated time period as mentioned on the loan agreement.

But, the question is - What happens if a person is not able to pay back the debt?

This is where the concept of debt relief comes in. Debt is a major problem for a lot of people these days. The problem is, even if they know they want to get out of it, they have a hard time figuring out how to start.

Here are 5 Debt relief options:

Debt Consolidation Programs - Enroll for a debt consolidation program offered by any of the debt relief companies. The companies negotiate on the debtor's behalf to provide debtors with benefits like reduced interest rates, low monthly payments, reduced or waived off late fees and a single monthly payment.

Debt Settlement - In debt settlement program, the company negotiates to reduce debtorsâ€™ outstanding balance. With debt settlement program a debtor not only gets lower interest rates but get reduced balances. Some advantages of debt settlement include single monthly payment, avoiding lawsuits and wage garnishment, relief from creditor and collection calls and no need to file bankruptcy.

Debt management - Debt management is a debt relief program where a credit counseling agency analyzes the financial situation of the debtor and negotiates with their creditors. In this mode of debt relief, instead of paying directly to the creditors, the debtors send their monthly payment to the credit counselors and they distribute payment amongst all their creditors.

Self Repayment plan - This plan does not involve any professional help. In this plan, the debtor has to make a list of unpaid debts, segregate and prioritize them and then prepare a budget plan so that he/she can pay off bills and manage their daily expenses efficiently.

Bankruptcy - This is the last resort for a debtor. A debtor can file for bankruptcy when none of the above mentioned debt relief plans or programs have worked for them. Bankruptcy helps the debtor to get relief from debt through a court intervention. But this form of debt relief should be avoided as it ruins the debtorsâ€™ credit history and makes it difficult to qualify for loans and credit.

For more details on debt relief solutions visit - http://www.localdebtreliefnow.com/

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