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How to Negotiate with Creditors, Part 1

Negotiating with your creditors is one of the hands-down best ways to manage and ultimately reduce your credit card bills. So many people neglect this option, however, because they are either afraid to do it, or unaware that they can negotiate to get some relief from those ever-growing credit card balances.

But there comes a time in most people's lives when they have slipped up with their credit in some way or another. Many of us have had excessive amounts of credit card debt. Some people have fallen behind on auto payments. Some individuals even skipped mortgage payments, and faced foreclosure, bankruptcy, or other financial calamities. No matter what your current or past predicament, there are a lot of things that you can do to get out of problem situations with your creditors.

You can negotiate to lower your interest rates or to have certain negative marks removed from your credit report. You can also get the total amount of debt you owe knocked down considerably by negotiating. You do not have to feel that the world is going to cave in on you just because you owe somebody or just because you slipped up with credit and had problems in the past. For many of you, I hope that just knowing that there is a solution and a way out of this mess will give you some consolation and optimism for the future.

Negotiate with the Right Person

Whenever you're trying to negotiate with a creditor, if the person on the phone says no, feel free to elevate your request a level. Ask to speak to a supervisor who may be empowered to wheel and deal, and who may have more authority to cut you a deal. One main strategy is to know whom to talk to and at what point a person with more authority needs to join the conversation.

For some requests, frankly, you do not need to go to a supervisor. People often ask me whether they should immediately ask for a supervisor when calling up to negotiate with a creditor. My answer is no, it's not always necessary or prudent. In some instances, the customer service rep on the phone can say yes to your request. Sometimes, you'll also need to put your request in writing. Clearly, if you come up against a customer service representative who is very difficult, belligerent, or very inflexible and will not waive a bit, then by all means take the time to speak to a supervisor. Always ask politely for their boss, because if you don't, you may be "accidentally" disconnected while they put you on hold for the supervisor.