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Dreaded Ds, Part 1

One of the biggest disservices that we do to ourselves as consumers is when we hide from the credit card company or others we owe. Credit card companies shouldn't have to hunt you down. In fact, there are five times when you should be the one to initiate a phone call with your creditors. These five instances revolve around what we call the Dreaded Ds, referring to the time in your life when you might suffer a:

- Downsizing
- Divorce
- Death in the family of the main breadwinner
- Disease
- Disability

If any one of those five things happens to you or somebody close in your family, it can totally throw your finances out of whack and it could definitely make you wind up in debt. So if get a pink slip, you find yourself in the throws of a divorce, or you wind up sick and disabled, don't be like the ostrich that sticks its head in the sand. Ignoring the problem won't make the bills go away. Pick up the phone, call your credit card company immediately, and explain your situation.

Request Mortgage Payment Relief If Necessary

If you have a mortgage, pick up the phone and call your lender as well. You might not necessarily need to ask for forbearance or deferment or any kind, but you should definitely let them know about your changed circumstances. Say something like, "At this time, this is my situation. I've just received a notice from my company that I am going to be downsized and I am going to be terminated as of X date in the future," or "I have just been terminated effective immediately, is there anything that your company offers for people who are in my situation?"

You may be surprised to learn that lenders of every kind have many different programs and offering to help clients with financial problems. For example, if that creditor happens to be a mortgage company, do you realize that they have "workout" programs, as they call it? I used to be a Wall Street Journal reporter for CNBC. And when I was on air at CNBC, I will never forget doing a TV report on how to prevent foreclosure.

The gist of what I learned is that most banks, and certainly the large mortgage lenders, have entire departments devoted to helping down-on-their luck customers. Countrywide, for example, has a full-fledged division called the workout department that is designed to do nothing but aid consumers who have experienced financial difficulties. Their goal is to help you to get back on track. When they send letters or call, it's not that they are trying to harass you. They're trying to find out what is the situation, what is the problem, how long will it take for you to recover, and what can be done in the meantime to help you.