

Consumer Credit Counseling Services

Today, millions of Americans are having difficulty paying their debts. They are receiving dunning notices from creditors and their accounts are being turned over to collection agencies. Most consumers who are in financial distress are middle income families with jobs who want to pay off what they owe.

Many people face financial crisis at some time in their lives. Whether the crisis is caused by personal or family illness, the loss of a job, or simple overspending, it can seem overwhelming. But often, with hard work and dedication, the problems can be overcome. It is important that people who are experiencing financial difficulties develop a plan and take action. Doing nothing can only lead to much larger problems in the future, such as larger debt, the loss of assets such as the home, bankruptcy, and a bad credit record.

When someone is carrying debt and having trouble meeting financial obligations, it is important to contact the creditor immediately to inform the creditor of what the difficulty is and to try to work out a practical payment plan. Most creditors are willing to work with consumers and appreciate honesty on the part of the consumer. However, if talking to a creditor does not result in a workable payment plan, consumers may wish to turn to a credit counseling agency for credit counseling expertise. Credit counselors have professional training in money management and can provide valuable counseling and support. Consumer credit counseling services are non-profit organizations supported mainly by contributions from community organizations, financial institutions and merchants, and provide services free or at a low cost to individuals seeking help. They can be effective alternatives to bankruptcy.

Creditors may be willing to accept reduced payments if the consumer enters a debt repayment plan through a reputable credit counseling service. Under such a plan, the consumer will deposit money with the credit counseling agency each month to cover the newly negotiated debt payment amounts. The credit counselors will distribute this money to the creditors to repay debts. A successful repayment plan requires the consumer to make regular, timely payments, and could take as long as 48 months or longer to complete. Some credit counseling services charge little or nothing for managing the plan; others charge a monthly fee that could add up to a significant charge over time.

While a debt repayment plan can eliminate much of the stress that comes from dealing with creditors and overdue bills, it does not mean the consumer can forget about the remaining debts. Consumers are still responsible for paying any creditors whose accounts are not included in the plan. If a repayment plan depends on the creditors agreeing to lower or eliminate interest and finance charges, or waive late fees, the consumer is responsible for making sure these concessions are reflected in the billing statements.

As with anything, consumers should exercise care in selecting a consumer credit counseling agency. Some consumers may be more comfortable working with an agency that has an office in North Dakota, while others may find it just as convenient to work with an agency over the telephone or by mail. Whichever agency the consumer chooses to work with, it is important to find out how much the agency charges. Does the service have any clients in the area that can be contacted for a reference? Does the service have a bond on file with the North Dakota Attorney General's Office?

Chapter 13-07 of the North Dakota Century Code governs consumer credit counseling in the state of North Dakota, and there are certain requirements consumer credit counseling services must meet. Those requirements include:

1. A consumer credit counseling service as defined under this chapter is a non-profit organization engaged in the business of debt adjusting.
2. Any agreement between a consumer credit counseling service and a debtor must be in writing and signed by both parties with a copy given to the debtor.
3. A consumer credit counseling service entering an agreement with a debtor who resides in North Dakota must file a surety bond with the Office of Attorney General.

4. Within one business day of receipt of payment on behalf of or from a debtor, the consumer credit service must deposit the payment in a trust account with a financial institution. A debtor's payment must be identifiable in the trust account. Funds in the trust account may not be commingled with any other funds.
5. Consumer credit counseling services must maintain books, records, and accounts in a manner that allows the Office of Attorney General to determine compliance with the law.
6. A consumer credit counseling service may charge an origination fee of up to fifty dollars, which may be subtracted from the initial amount paid by the debtor to the counseling service. The consumer credit counseling service may withdraw and retain as partial payment of the service's total fee up to fifteen percent of any sum deposited by the debtor for distribution.
7. Once the debtor makes a deposit, the consumer credit counseling service must make the disbursement of funds within forty-five days.