Handling Credit Problems

In each of the following situations, explain what you would do or the advice you would give:

1. Jim and Fran have decided to get help with their credit problems rather than file for bankruptcy. They want more time to pay loans, and they have several credit card debts with high interest rates. What would you suggest?

2. Ramon is deeply in debt. He knows that he will not be able to pay all his debts. He wants to be fair to the creditors, but he also needs a fresh start. He has a good job with a steady income. Explain to him the differences between Chapter 7 and Chapter 13 bankruptcy. Which one do you think would be appropriate for Ramon?

3. Alicia is having trouble paying her bills. She is working two jobs and still cannot make all the payments. She has a very large medical bill (exceeding $400,000) as a result of an illness 2 years ago. Because of the interest rate of 18 percent, she is making little progress in paying it off. What do you suggest?