Don’t wait for your creditors to call you about unpaid bills. Instead contact them to explain your situation. Rather than begin expensive collection procedures, most creditors would prefer to receive smaller payments on a regular basis.

Creditors will also be more cooperative if you’ve paid your bills on time in the past. To begin, do your homework before calling or writing. Know who you owe, how much you owe, and how you plan to pay them. Make sure you are able to follow through on your agreement and that your agreement plan is acceptable both to you and your creditor.

Once you know how much money you can afford to repay, contact each creditor, explain your family situation, and ask their assistance in working out a solution. Be sure you are prepared to explain: the reason you can’t pay, your current income and prospects for future income, other obligations (bills) you have and your plans to bring your debt up to date and to keep it current, including how much you can pay each month.

If possible, visit with the creditors in person—the loan officer at the bank or credit union, the credit department at your utilities. Out of town creditors should be contacted by phone or letter. Be sure to write down the name and title of anyone you talk to. Follow up with a letter summarizing the agreement and keep copies of the correspondence, as well as any reply.

As you negotiate with each of your creditors, don’t agree to any plan simply to get off the hook. You must be able to follow through on your end of the agreement.

Think about these alternatives for meeting those obligations:

• Reduce the monthly payments for a time.
• Refinance the loan.
• Defer a payment for a short time if you expect your income to increase soon.
• Pay only interest on the loan until you can resume making monthly payments.
• Voluntarily surrender or give back an item purchased on credit.
• Sell the item and use the case to pay, or partially pay the debt (remember you are still responsible for any remaining balance).
Tell your creditors about any changes that may affect your payment agreement. If you fail to follow the plan, they’ll be less willing to work with you in the future and you’ll hurt your chances of getting future credit.

If you need help in dealing with your creditors, download a copy of the publication “Coping with Creditors” at http://www.uaf.edu/ces/pubs/catalog/detail/index.xml?id=212 or drop by the Extension office at 1000 University Drive and pick one up.