



## SELECTING A CREDIT COUNSELING AGENCY: A 4 STEP GUIDE

If your debt load is preventing you from creating a workable budget, you may consider utilizing the services credit counseling agency. Most trustworthy credit counseling services are non-profit and can advise you regarding managing your money, handling a debt load, developing a spending plan, and may offer free educational materials and workshops. Even though some of these services may be offered free of charge, there may be costs associated with other services. It's important to remember, however, that "non-profit" status does not guarantee their services are legitimate or affordable. Here is a step-by-step guide to help you decide on the most appropriate credit counseling agency for your situation.



Determine what credit counseling agencies are available in your state. For a list of approved credit counseling agencies in each state, you can visit <https://www.justice.gov/ust/list-credit-counseling-agencies-approved-pursuant-11-usc-111>



Visit the website for your State Attorney General's Office and local consumer protection agency to see if any complaints have been filed against any agency on your list. Remember: just because a complaint has not been filed does not guarantee an agency is legitimate.



Interview several potential credit counseling agencies. A list of questions to ask before agreeing to work with any credit counseling agency is included on the back of this guide.



Decide what credit counseling agency is best for you. It's important that you take responsibility for your personal financial situation. You must be actively be involved in the process of improving your situation and participate as a faithful financial steward. Once an agreement is made between you and the credit counseling agency, make every effort to fulfill your responsibilities. If you cannot meet the terms of the agreement with the credit counseling agency, proactively contact your credit counselor and communicate your situation.

\*Note: After your research and due diligence, it is still possible that you may have complaints or concerns about a credit repair scam. If so, contact the Federal Trade Commission at (877) FTC (382)-HELP (4357).

# QUESTIONS TO ASK BEFORE AGREEING TO WORK WITH A CREDIT COUNSELING AGENCY

## **What services do they offer?**

Look for an organization that offers a range of services. These services can include budget counseling, information on savings, and classes on managing debt. Avoid organizations that push a debt management plan (DMP) as your only option before they spend a significant amount of time analyzing your financial situation. Every situation is unique so it's important you work with an organization that avoids a "one size fits all" approach.

## **Do they offer free information?**

Are their educational materials offered at no charge? Avoid organizations that charge for educational information. A reputable credit counseling agency should send you free information about itself and the services it provides without requiring you provide any details about your situation.

## **Will they help you develop a plan for avoiding problems in the future or will they only focus on your immediate problem?**

Try and pick an organization that aims for your long term financial success.

## **What are their fees?**

Get a price quote and price schedule for services in writing.

## **What happens if you can't afford to pay your fees or make contributions?**

If an organization won't help you because you can't afford to pay, look somewhere else for help.

## **Will you have a formal written agreement with the credit counseling organization?**

As with any legal agreement, make sure all verbal promises are in writing. Don't sign anything without reading it first.

## **What are the qualifications of the counselors?**

Are they accredited or certified by an outside organization? If not, how are they trained? Try to use an organization whose counselors are trained by a non-affiliated party.

## **What assurance do you have that personal information will be kept confidential and secure?**

Does the organization have policies in place to insure your personal information will be safe?

## **How are their employees paid?**

Do their employees earn more if you sign up for particular services? If the answer is yes, consider it a red flag and go elsewhere for help.



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