

Credit Counseling

What is Credit Counseling?

Credit counseling helps you learn to budget and manage your money while you pay back your debts.

What programs and services are available for Credit Counseling?

- **Credit counseling** helps you pay back debts through budgeting and managing money.
- **Debt management plans** help you combine your debts and arrange for one lower monthly payment over a longer period of time. You can find this service through many financial institutions.
- **Debt consolidation** plans help by lowering the cost of credit by combining debt through a second mortgage or a home equity line of credit. These loans ask you to put up your home as collateral.
- **Education** classes teach you budgeting, and how to save and manage your money.

Be careful: There are also “*debt negotiation*” programs. They may tell you they can pay off your credit card for less than you owe, from 10% to 50% of the balance owed. These programs can be very risky.

What does Credit Counseling cost?

There is usually a setup fee for a *debt management* or a *debt consolidation* plan. Credit counseling agencies also charge a monthly fee. Good credit counseling agencies usually offer free educational materials and workshops.

How do I qualify for Credit Counseling services?

If you have trouble keeping a budget or paying down your debt, you may want to think about getting help from a non-profit credit counseling agency

In a situation of first-time bankruptcy, you will be required by federal law to receive credit counseling from an approved credit counseling agency. You must receive an “individual or group briefing” from a non-profit credit counseling agency within 180 days before filing for bankruptcy.

Where do I apply for Credit Counseling Services?

Most credit counselors offer services through local offices, the Internet, or on the telephone. If possible, find an agency that offers in-person counseling. Non-profit agencies that offer credit counseling include:

- universities
- military bases
- credit unions
- housing authorities
- branches of the U.S. Cooperative Extension Service

Your financial institution, local consumer protection agency, friends, and family may also be good sources of information and referrals.

Where can I find out more?

[Federal Trade Commission \(FTC\)](#)

Information on credit counseling, debt management plans, and debt negotiation programs as well as credit counseling scams

[Commonwealth of Virginia State Corporation Commission \(SCC\)](#)

Lists of companies licensed as credit counseling agencies in Virginia

[Better Business Bureau \(BBB\)](#)

Information on complaints filed about credit counseling agencies and information on how to select a credit counseling agency with a good reputation

[Credit Counseling and Debtor Information](#)

Includes a list of agencies approved by the U.S. Department of Justice for bankruptcy credit counseling.

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