

Name _____

Navigating the Maze of Bankruptcy and Debt Relief Services

Short Answer Key

1. Chapter 7 involves selling assets to pay off debts, while Chapter 13 allows the creation of a repayment plan to pay back debts over time.
2. One potential disadvantage is that creditors may report settled accounts as "not paid as agreed," which can negatively impact your credit score.
3. The primary goal of debt consolidation is to combine multiple debts into one, often with a lower interest rate, making it easier to manage and pay off.
4. Credit counseling agencies provide financial education, help individuals create a budget, and assist in developing a manageable repayment plan for their debts.
5. It's essential to be cautious because some debt relief services charge fees, and there is no guarantee that creditors will agree to debt reduction or repayment plans negotiated by these services. Additionally, the wrong choice of service may not align with an individual's financial situation and goals.

