

Title:

Bill Consolidation Company Basics

Word Count:

423

Summary:

Bill consolidation companies handle payments for your accounts and lower your rates. They can also negotiate waivers for late payment fees. Before signing up with a company, you will want to compare rates and terms. You also need to monitor your payment statements to be sure there are not errors.

Helping Your Get Out Of Debt

Bill consolidation companies, also known as debt management plans or DMP, eliminate your short term debt within five years. They also lower your in...

Keywords:

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Article Body:

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Helping Your Get Out Of Debt

Bill consolidation companies, also known as debt management plans or DMP, eliminate your short term debt within five years. They also lower your interest rates with creditors, who set predetermined rates. All companies will get you the same low rate. In some cases, creditor will also agree to waive any late payment or other fees if you are working with a DMP.

You pay the bill consolidation company one payment, which includes their fee. They then pay the accounts you have agreed to consolidate. Interest rates from some debts, including student loans or mortgages, cannot be reduced and do not make sense to hand over.

Fees are based on each account handled. Monthly fees are the most common practice, but some companies charged large upfront fees. Since many clients drop

out of the plan before completion, monthly fees are the better option.

Some creditors will report to the credit reporting agency your use of a DMP. This may temporarily prevent you from opening new accounts. But after several months of regular payments, your credit may be in good enough standing to qualify to open credit card accounts. After a year, you may also be able to apply for a mortgage.

Finding The Best Companies

The best bill consolidation companies solely handle debt management. Companies that offer other services, such as debt negotiation or bankruptcy, don't always provide the best service.

When you investigate companies, ask when your accounts will be paid off. Reputable companies will give you a different date for each account since they know what the current rates are. All the need to know from you are your account balances and creditors' names.

As with any purchase, you also want to compare fees. By requesting quotes from several companies, you will quickly find out what is reasonable.

Watching Your Statements

Paperwork mix-ups, defunct business, or poor service can all result in missed or late payments on your credit history. To protect yourself from a lower credit score, continue to monitor your bill statements. At the first sign of a problem, call your creditor and bill consolidation company to resolve the issue. This preventative approach can save you hundreds in fees and higher interest rates.