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Debt relief bankruptcy is not a pleasant situation to be in really. Trying to get relief from debts, instead, is a wiser option of the two. However, many prefer debt relief program through bankruptcy.

What is the bankruptcy program?

There are literally two types of bankruptcy that work. Less than one procedure the court actually liquidates all the assets of a person. This is to pay off the debts. If there is any remaining debt, then it gets automatically eliminated.

There is another process of debt relief bankruptcy. The court actually orders the repayment plan, under which a person would require to repay the debts over a span of maximum 5 to 7 years.

Remember that the bankruptcy brings on a bad impression on the credit report. Credit counseling is considered as a viable method. It educates the customers to handle debts. The counselors actually consult with the creditors to reduce the rate of interest. Besides, the counselors also try to remove some of the penalties from the account.

Consolidation is also a viable process, which helps debtors to reduce the stress of liabilities. The idea is to reduce the number of loans and also the interest rates on them. With one consolidated loan, you can mitigate the several loans and the interest rates.

If it is quite a struggle for you to meet the minimum amount of debt, then opt for settlement of debt. There has to be a demarcation of total amount in unsecured debt, which will make you eligible for this program. Credit card debt relief can also be done through counseling. Thus, make sure that you know the procedures to settle debt through the right method.

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