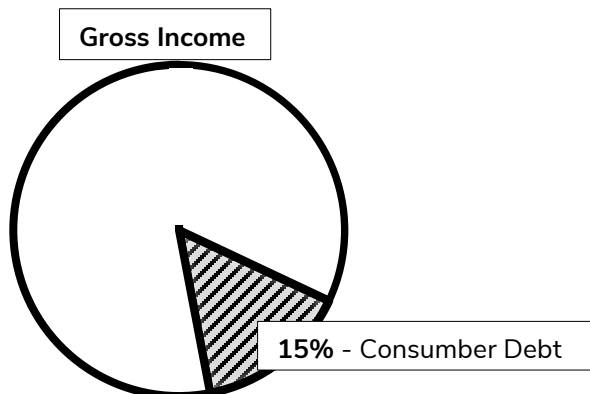




# Debt-to-Income (DTI) Calculation

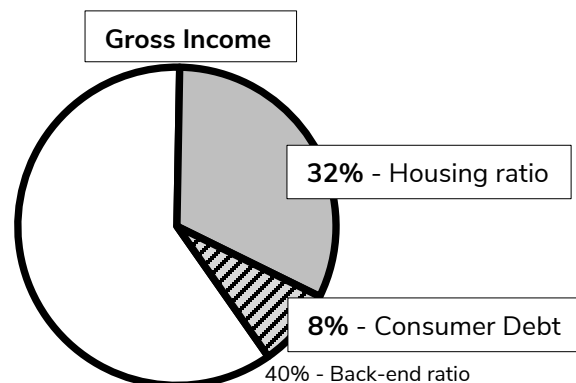
Your Debt-To-Income (DTI) ratio will affect your ability to qualify for a mortgage and is a tool to help you assess your loan-readiness.

RENTERS RECOMMENDED RATIO



To maximize credit eligibility, consumer debt DTI should **not exceed 15%** for a renter

HOMEOWNERS RECOMMENDED RATIO



To maximize mortgage eligibility, have a goal for consumer debt to **not exceed 8%** your monthly income. Shoot for your **back-end debt-to-income ratio to not exceed 40%**.

## MY RATIOS

### My gross monthly income:

Total of monthly wages before taxes and deductions

\$ \_\_\_\_\_ (1)

Example

\$2,350

**My monthly debt payments:** List *minimum* monthly payments, even if you pay more

- Credit cards
- Car loan
- Student loans
- Other debt

\$ \_\_\_\_\_

\$223

\$ \_\_\_\_\_

\$200

\$ \_\_\_\_\_

\$60

\$ \_\_\_\_\_

0

**Total monthly debt payments (consumer debt):**

\$ \_\_\_\_\_ (2)

\$483

**My consumer debt ratio:** Line (2) divided by line (1)

\_\_\_\_\_ % (3)

21%

**My housing ratio:** Let's assume that your total monthly payment for mortgage principal, interest, homeowners' insurance, property taxes, mortgage insurance is 32% of your gross income.

32 % (4)

32%

**My back-end ratio:** is your housing ratio plus your consumer debt ratio  
Line (3) plus line (4)

\_\_\_\_\_ % (5)

53%

# Weigh the **risk** of not paying certain bills right now.



## Things I need to keep or get a job

- Transportation to get to work—car payment, gas and insurance, or bus fare
- Tools or uniform for work
- Childcare
- \_\_\_\_\_
- \_\_\_\_\_



## Things I need to stay housed and keep utilities connected

- Rent or mortgage, property taxes if I own my home
- Utilities—gas, electric, water, sewer
- \_\_\_\_\_
- \_\_\_\_\_

Tip: The costs of losing a place to live add up fast, and late payments on your mortgage or an eviction can make it harder to find a new place if you need one.



## Insurance I need to pay for

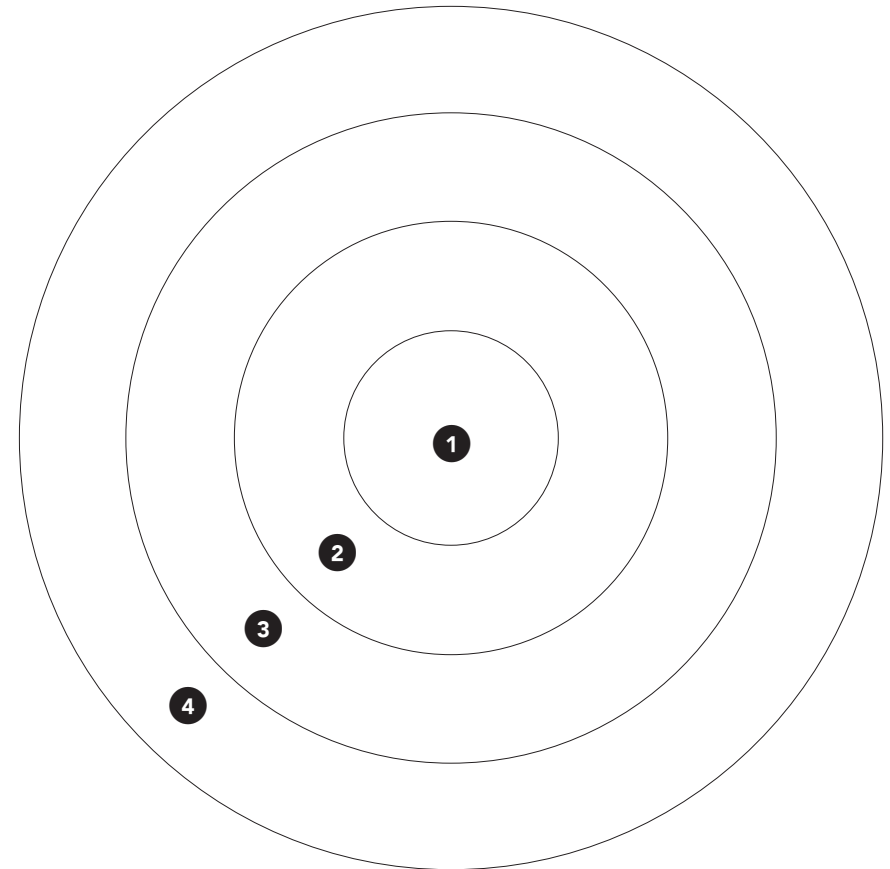
- Car insurance—is required in most states
- Health insurance
- Home or renters' insurance
- \_\_\_\_\_
- \_\_\_\_\_



## Obligations I need to pay

- Court-ordered obligations such as child support or fines
- Other loans and credit cards
- \_\_\_\_\_
- \_\_\_\_\_

Tip: Consider any legal consequences for delaying payment, and remember that credit card companies may raise your interest rates if you pay more than 60 days late.



## Now **prioritize** your bills.

Ultimately, you're responsible for all your bills. If you can't pay them all at once, think about the order you pay them in.

BUILD A PLAN TO ACCERATE DEBT FREE PATH

# Build Debt Repayment Plan

## Pick a strategy

Consider rational and psychological consideration when choosing your strategy. What strategy makes most financial sense? What strategy do you think you can stick to? Whether it's the "Low Balance First," "High Interest First" or some hybrid strategy, review how much time and interest you'll save using a tool like Powerpay.org (free).

## Prioritize your debts

List all your debts that are unsecured – credit cards, doctor bills, personal loans, etc. List the current balance, minimum payment, and interest rate on all of these accounts. If you're using the "Small Balance First" Strategy, arrange the debts in order from smallest repayment amount to largest.

## Watch the snowball grow and find "wins" along the way

Once you pay off one debt, apply that payment to the next highest debt until all your debt is paid off. As the name "Snowball" conveys, the further you move through your plan, the larger the snowball grows giving you more and more momentum to paying off your bigger debts. Every time you pay off a debt, be sure to celebrate! Dark chocolate, high-fives, YouTube cat videos, or any other guilty pleasure you enjoy will do the trick.

Use the following chart to prioritize your debts and a resource like powerpay.org to compute the shorter expected payoff dates with the snowball method. How much time and interest will you save?

	Priority Debt 1	Priority Debt 2	Priority Debt 3	Priority Debt 4	Priority Debt 5	Priority Debt 6	Priority Debt 7	Priority Debt 8
Debt Description								
Current Balance	\$	\$	\$	\$	\$	\$	\$	\$
Interest Rate	%	%	%	%	%	%	%	%
Minimum Monthly Payment	/m	/m	/m	/m	/m	/m	/m	/m
Total Debt:								
Payoff Date (Min. Payment Only)								
Payoff Date (Snowball)								

(1) [https://www.kellogg.northwestern.edu/news\\_articles/2012/snowball-approach.aspx](https://www.kellogg.northwestern.edu/news_articles/2012/snowball-approach.aspx)

Use **PowerPay.org** to automatically calculate your savings in time and interest

COMPARING DEBT "SNOWBALL" AND "AVALANCHE"

# Repayment Strategies Comparisons

Using online tools like PowerPay.org, plug in your debt amounts and see how different repayment strategies accelerate your path to paying off debts.

## "Low Balance First" Strategy (Class Example)

Time Reduction: 4 years 8 months  
Amount Saved: \$1194.41

## "High Interest First" Strategy (Class Example)

Time Reduction: 4 years 9 months  
Amount Saved: \$1209.88

Month	Credit Card 1	Credit Card 4	Credit Card 2	Credit Card 3	Vehicle Loan	Student Loan
Aug 2015	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Sep 2015	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Oct 2015	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Nov 2015	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Dec 2015	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Jan 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Feb 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Mar 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Apr 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
May 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Jun 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Jul 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Aug 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Sep 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Oct 2016	\$15.00	\$25.00	\$30.00	\$100.00	\$190.00	\$123.00
Nov 2016	\$3.08	\$36.92	\$30.00	\$100.00	\$190.00	\$123.00
Dec 2016		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
Jan 2017		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
Feb 2017		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
Mar 2017		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
Apr 2017		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
May 2017		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
Jun 2017		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
Jul 2017		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
Aug 2017		\$40.00	\$30.00	\$100.00	\$190.00	\$123.00
Sep 2017		\$12.33	\$57.67	\$100.00	\$190.00	\$123.00
Oct 2017			\$70.00	\$100.00	\$190.00	\$123.00
Nov 2017			\$70.00	\$100.00	\$190.00	\$123.00
Dec 2017			\$70.00	\$100.00	\$190.00	\$123.00
Jan 2018			\$70.00	\$100.00	\$190.00	\$123.00
Feb 2018			\$49.37	\$120.63	\$190.00	\$123.00
Mar 2018				\$170.00	\$190.00	\$123.00
Apr 2018				\$170.00	\$190.00	\$123.00
May 2018				\$163.75	\$196.25	\$123.00
Jun 2018					\$360.00	\$123.00
Jul 2018					\$360.00	\$123.00
Aug 2018					\$360.00	\$123.00
Sep 2018					\$341.05	\$141.95
Oct 2018						\$483.00
Nov 2018						\$483.00
Dec 2018						\$483.00
Jan 2019						\$483.00
Feb 2019						\$483.00
Mar 2019						\$483.00
Apr 2019						\$483.00
May 2019						\$483.00
Jun 2019						\$483.00
Jul 2019						\$483.00
Aug 2019						\$483.00
Sep 2019						\$483.00
Oct 2019						\$483.00
Nov 2019						\$483.00
Dec 2019						\$483.00
Jan 2020						\$483.00
Feb 2020						\$5.42
TOTALS	\$228.08	\$784.25	\$1137.04	\$3624.38	\$7887.30	\$12426.37

Month	Credit Card 3	Credit Card 4	Credit Card 1	Credit Card 2	Vehicle Loan	Student Loan
Aug 2015	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Sep 2015	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Oct 2015	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Nov 2015	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Dec 2015	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Jan 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Feb 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Mar 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Apr 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
May 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Jun 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Jul 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Aug 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Sep 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Oct 2016	\$100.00	\$25.00	\$15.00	\$30.00	\$190.00	\$123.00
Nov 2016	\$111.92	\$25.00	\$3.08	\$30.00	\$190.00	\$123.00
Dec 2016	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Jan 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Feb 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Mar 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Apr 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
May 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Jun 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Jul 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Aug 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Sep 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Oct 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Nov 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Dec 2017	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Jan 2018	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Feb 2018	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Mar 2018	\$115.00	\$25.00		\$30.00	\$190.00	\$123.00
Apr 2018	\$116.84	\$11.32		\$41.84	\$190.00	\$123.00
May 2018				\$149.81	\$210.19	\$123.00
Jun 2018					\$360.00	\$123.00
Jul 2018					\$360.00	\$123.00
Aug 2018					\$360.00	\$123.00
Sep 2018					\$326.78	\$156.22
Oct 2018						\$483.00
Nov 2018						\$483.00
Dec 2018						\$483.00
Jan 2019						\$483.00
Feb 2019						\$483.00
Mar 2019						\$483.00
Apr 2019						\$483.00
May 2019						\$483.00
Jun 2019						\$483.00
Jul 2019						\$483.00
Aug 2019						\$483.00
Sep 2019						\$483.00
Oct 2019						\$483.00
Nov 2019						\$483.00
Dec 2019						\$483.00
Jan 2020						\$472.95
TOTALS	\$3568.76	\$811.32	\$228.08	\$1151.65	\$7886.97	\$12425.17

Screenshot from: PowerPay.org



## Debtors' Rights

[Bankruptcy and Debt Index](#)    [View All Legal Topic Index Documents](#)

**It is important to realize that changes may occur in this area of law. This information is not intended to be legal advice regarding your particular problem, and it is not intended to replace the work of an attorney.**

A debtor is someone who owes money to someone else. Generally it is not a crime to fail to pay a debt, although failure to pay some court-ordered debts such as child support may lead to criminal charges. Except in certain bankruptcy situations, a debtor can choose to pay debts in any priority he or she chooses.

If you have failed to pay a debt, you have broken a contract or agreement between you and a creditor. Most oral and written agreements for the repayment of consumer debts (debts for personal, family or household purposes, and debts secured primarily by a person's residence) are enforceable. However, most debts that are for business or commercial purposes must be in writing to be enforceable. If the agreement requires you to pay a certain amount of money, then the creditor does not have to accept a lesser amount. Even if you have lost your job, become ill, or just cannot afford to pay the bill, you still owe the amount stated in the agreement. Also, if there was no actual agreement, but the creditor has lent you money, performed services, or provided you with a product and you have kept the product or benefited from the services, you must pay the creditor.

If you owe money, the creditor may assign the debt to a debt collector, which is typically a collection agency. The creditor may hire an attorney to collect the debt. The attorney may also be considered a debt collector. The debt collector may send you a letter or other notice requesting payment. A federal law called the Fair Debt Collection Practices Act requires that the first notice from a debt collector describe the debt and additional charges, costs and expenses according to the agreement between you and the creditor. If you orally dispute this debt, or any portion of it, within 30 days after receiving the notice, the debt collector cannot assume it is valid. If you dispute the debt in writing within this 30 day period, the debt collector must stop any further contact with you until the debt collector sends you proof of the debt. The fact that you do not respond to the debt collector's notice cannot be used as evidence that you owe the debt.

An Oregon law called the Unlawful Debt Collection Practices Act also controls how a creditor may try to collect a debt, whether by letter or phone call. Unlawful debt collection practices would include the use of obscene or abusive language. The creditor cannot call your employer about the debt or call you at your place of work if you have notified the creditor not to. The creditor may call you at work only after he or she has in good faith, but unsuccessfully, tried calling you at home during the day or between 6 p.m. and 9 p.m. A creditor can write to you at work only if your home address is not available. In either case, the creditor may contact you at work only once a week. A creditor who willfully violates this law may be liable to you for minimum damages of \$200, your legal fees, and in some cases punitive damages.

A creditor may sell your debt to a collection agency. This means that the collection agency buys the right to collect the debt. A collection agency may be operated by one person, or it may be a nationwide business. A collection agency has no greater rights than the original creditor and cannot make you pay any fees that could not be charged by the original creditor. Generally, however, the amount of your debt will be increased because it has been assigned to a collection agency. Debt collectors — both collection agencies and lawyers who try collecting debts — must comply with the federal Fair Debt Collection Practices Act, as well as Oregon state law. The federal law prohibits a debt collector from communicating with anyone about a debt except for those involved in the debt collection process. These include you, your spouse or your parents if you are a minor. The debt collector may not harass you or call you at work if the debt collector knows that your employer prohibits that type of communication. A debt collector is also subject to the same collection rules as an original creditor. You may prevent a debt collector from calling or writing to you by notifying the debt collector in writing that you either will not pay the debt or want to stop all further communication with them. You should keep copies of any such communication, as well as any envelopes. If a debt collector violates this federal law, it may be liable to you for all actual damages you suffer and additional damages up to \$1,000.

If you have purchased something on credit and signed an agreement called a "security agreement," and you have failed to pay the debt for your purchase, the creditor may try to repossess or take it back. This will usually only happen when you purchase a major item like a car or furniture and agree to pay the price in installments. Even though the creditor can repossess your property if you do not pay your debt, the creditor cannot enter your house without permission, assault you or take your property if you physically try to prevent the repossession.

If you have not signed a written security agreement, the creditor does not have a right to take any of your property unless the creditor has first obtained a judgment against you. In order to get a judgment, the creditor must go to court. Either the original creditor or a collection agency may sue you to collect a debt. If this happens, you will be served with a summons and complaint. If you want to dispute the existence or the amount of the debt, you must file a timely response with the court. You must file a response within 14 days if you are sued in small claims court. You must file a response within 30 days if you are not sued in small claims court. Filing a response means filing a motion or answer. There is generally no court appearance that you, the debtor, must attend. If you do not respond to the complaint, or if you file a response and ultimately go to court and lose, the creditor will obtain a judgment. This judgment will include the amount of debt and may include interest, court costs and the creditor's legal fees. It may also create a lien upon any real property, such as a house, that you own.

Oregon law protects, or exempts, some of the property you own, some types of income, or the equity you have in certain property from being taken by creditors if they obtain a judgment against you. The property and income that you may protect is generally the same property or income that you may protect in bankruptcy. For example, clothes and jewelry are protected up to a maximum of \$1,800 in value. Up to \$3,000 in value for a vehicle (cars, trucks, and other motor vehicles) is protected. Household goods including furniture, a television set, and utensils are protected up to \$3000. There are a number of other exemptions. The value of these items is determined by "market value". Except for a car, market value is often called garage sale value. Social Security benefits, TANF, unemployment benefits, retirement income, and many other types of government benefits are protected from garnishment. This income may also be protected when deposited in a bank account. Net wages are protected from garnishment unless they exceed a certain amount. Except for certain debts, such as student loans, taxes and child support or alimony, a judgment creditor cannot garnish more than 25 percent of your net wages.

If two or more members of a household are judgment debtors, each person may be entitled to claim the exemption in the same or different property. There is also an Oregon exemption (sometimes call the "homestead exemption") available for the equity a person has in his or her residence if the residence is located within the state of Oregon. A single debtor may exempt up to \$40,000 of equity in a house. Married debtors may exempt up to \$50,000 of equity.

Note that the exemptions can be complicated. You may want to consult with an attorney to determine what exemption value (if any) you have in your home or other property when faced with a judgment or the need to file bankruptcy.

In most cases, the judgment amount must exceed \$3,000 at the time it was entered before a judgment creditor can force the sale of a judgment debtor's residence. The judgment remains a lien on the property, however.

*Legal Editor: Richard Slottee, Lewis & Clark Legal Clinic, October 2013*

## Can I cancel a contract with a debt management company?

Yes, you may cancel an agreement:

- At any time before midnight of the third business day after signing a contract with the company or
- At any time during the remaining term of the agreement, for any reason, after giving the company 10 calendar days' written notice. The cancellation is effective on the date the consumer mails a notice of cancellation or immediately if the consumer sends the cancellation by email or fax.

## What fees should I expect to pay?

Oregon law sets maximum fees that debt management companies may charge. The maximum upfront fee a company may charge is \$50, and the maximum monthly fee is \$65. If the company reduces the consumer's debt, the company may charge 7.5 percent of the total amount of debt reduced after the debt is paid. For more details on the fee limits, go to [www.dfcs.oregon.gov/debt\\_mgmt.html](http://www.dfcs.oregon.gov/debt_mgmt.html).

However, many companies, both nonprofit and for profit, charge less than the maximum. Be cautious of companies that charge high fees. Shop around before you hire a company. In addition, you can get free help with mortgage loan modifications by calling a HUD-certified foreclosure counselor at 2-1-1 or going to [www.foreclosurehelp.oregon.gov](http://www.foreclosurehelp.oregon.gov).

## What if I suffer financial harm because of the actions of a registered debt management company?

If you believe you have been harmed by a registered debt management company, you can file a complaint with the Division of Finance and Corporate Securities. If a court or the division issues an order against the company, you can take action against the company's surety bond. This is the case only if the business is registered.

## What if I use the services of an unregistered debt management company?

Your options to resolve any disputes may be limited if the company is not registered in Oregon. Always verify that the company is registered before signing any contract for services or making any payments.

## How do I file a complaint?

A complaint form is available online at [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov). A link to the complaint form is on the main page under Get Help. You can also call us at 866-814-9710 (toll-free).

### Division of Finance and Corporate Securities mission:

To encourage a wide range of financial services, products, and information for Oregonians, delivered in a safe, sound, equitable, and fraud-free manner.



# Need help<sup>7</sup> with your debt?



## Important information for consumers about debt management companies



# Before you pay anyone to help you with your debt, here is what you should know. <sup>8</sup>

## Hiring a debt management company?

If you are looking for help reducing or managing your debt – whether it is credit cards, a mortgage, or a car loan – you may be considering a debt management company. These companies must be registered by the State of Oregon, and Oregon has many protections in place for consumers who use these services.

- ✓ Check to see if the company is registered in Oregon.
- ✓ Know what services you are receiving and how much they cost. Be cautious of high fees.
- ✓ Understand your rights.

## What is a debt management company?

A debt management company helps consumers facing financial difficulties due to credit card debt or other obligations. Services may include:

- Counseling on budgeting and planning how to pay off debt
- Correcting credit reporting agency information (“credit repair”)
- Modifying loans or short-sale negotiations
- Determining whether and how to file for bankruptcy
- Consolidating a consumer’s debt
- Negotiating with a consumer’s creditors to reduce monthly payments, interest rates, or late fees
- Providing “debt settlement” services, reducing the amount of debt a consumer owes

## How do I know if a debt management company is registered to do business in Oregon?

You can search on the Oregon Department of Consumer and Business Services, Division of Finance and Corporate Securities’ website at [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov) and click on Debt Management Service Providers and then “registered businesses.” You can also call us at 866-814-9170 (toll-free) and we will help you look up a company.

## Questions?

**Call 866-814-9170 (toll-free)**

## Does a company offering to help me with a loan modification or short sale for my home need to be registered?

Yes. A company helping with loan modifications or short sales in Oregon needs to be registered as a debt management company or licensed as a mortgage loan originator.

You can check if a company is a licensed mortgage loan originator at [www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org).

You can also get free help from a HUD-authorized housing counselor. They are listed at [www.foreclosurehelp.oregon.gov](http://www.foreclosurehelp.oregon.gov).

## What about all the advertisements I see on TV and the Internet, and hear on the radio?

Oregon requires all companies that advertise debt-related services to Oregonians to display or say their Oregon registration numbers on their advertisements; however, that does not mean that all companies that advertise are properly registered in Oregon.

## The company I’m working with told me to stop communicating with my creditors. Should I ignore the creditors’ calls and letters?

No. Ignoring your creditors can lead to serious damage to your credit or, in worse cases, bankruptcy. Debt management companies in Oregon should not advise you to stop communication with your creditors. In addition, they must perform a budget analysis that shows whether debt management services are feasible and advantageous to you.



## You can ask a debt collector to stop contacting you

The following example letter tells the debt collector to stop contacting you unless they can show evidence that you are responsible for this debt. Stopping contact does not cancel the debt. So, if the debt collector still believes you really are responsible for the debt, they could still take other action. For example, you still might be sued or have the status of the debt reported to one or all of the three credit reporting agencies—Equifax, Experian, and TransUnion.

**You may not want to make a request to stop contact if the debt is your home mortgage.** If you ask your mortgage servicer to stop contacting you, the servicer will not have to reach out to tell you about options that you may have to avoid foreclosure.

### Example letter

[Your name]

[Your return address]

[Date]

[Debt collector name]

[Debt collector Address]

Re: [Account number for the debt, if you have it]

Dear [Debt collector name]:

I am responding to your contact about a debt you are attempting to collect. You contacted me by [phone/mail], on [date]. You identified the debt as [any information they gave you about the debt].

Please stop all communication with me and with this address about this debt.

Record that I dispute having any obligation for this debt. If you forward or return this debt to another company, please indicate to them that it is disputed. If you report it to a credit bureau (or have already done so), also report that the debt is disputed.

Thank you for your cooperation.

Sincerely,

[Your name]

This tool is included in the Consumer Financial Protection Bureau's toolkit. The CFPB has prepared this material as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, or otherwise qualified professional. The CFPB is not responsible for the advice or actions of the individuals or entities from which you received the CFPB educational materials. The CFPB's educational efforts are limited to the materials that CFPB has prepared.

This tool may ask you to provide sensitive personal and financial information. The CFPB does not collect any information from you or the organization using this tool. The CFPB is not responsible and has no control over how others may use the information that you provide to them about your personal or financial situation. Be cautious how you use this tool. CFPB recommends that you do not include names, account numbers; that you lock up completed hard copies and encrypt completed soft copies of the tool that contain sensitive personal and financial information; and shred hard copies that contain sensitive personal and financial information when no longer needed