

Fact Sheet: D e b t A g r e e m e n t F a c t

What is Debt Agreement?	Simply, a Debt Agreement is an agreement to settle debts over time. Instead of declaring Bankruptcy, people can choose to settle their debts through a Debt Agreement. Debt Fix can help you negotiate this settlement and prepare your proposal. Should creditors accept your proposal, they will not be able to contact you for debt collection, take legal action against you and the debts are frozen. A Debt Agreement is an alternative to bankruptcy and a way for people to settle their debts. Traffic fines, child support, HECS and Centrelink debts incurred by fraud are excluded from a Debt Agreement.
What happens to my Debts?	When you enter a Debt Agreement, most of your unsecured debts are “frozen”. This means all the interest, service fees, account keeping fees and late payment fees STOP. The creditors cannot pursue you for debt collection or take fresh steps in legal action. Effectively, you are released from most of your unsecured debts.
Can I keep my car and other property?	A Debt Agreement releases you from most of your unsecured debts. If you have a car under finance (secured) and you want to keep the car, you will have to continue your payment arrangements. Under a Debt Agreement, there is no vesting of property (unlike Bankruptcy) and you are allowed to keep all of your possessions.
Do the creditors have to accept my proposal?	No. The creditors will only accept your proposal if they consider it reasonable. For a Debt Agreement to be accepted, a majority in number and value must accept it. With our expertise, Debt Fix can help you negotiate a settlement and prepare your proposal.
What happens to my credit rating?	You should know that credit providers have individual criteria for deciding who to lend to. Once you enter into a Debt Agreement, your credit file will reflect this under the bankruptcy section of your file. This information will appear for seven years. Once you finish paying your Debt Agreement, your credit file will reflect you have paid it.
How do my creditors get paid?	Essentially, your debts are consolidated into one, affordable payment and Debt Fix distributes this payment to your creditors over time until the debts are settled in full. There are no interest charges and the debts are frozen.
What happens if I start a Debt Agreement but can't continue it?	If you can't afford to pay your Debt Agreement, it could be terminated. This means the Debt Agreement is cancelled, the debts revived and the creditors are able to resume collection of the debts. In addition, interest, fees and charges that the creditors forgo at the start of the agreement may be added to the debts.
If my situation changes, can I change my Debt Agreement?	You may change or vary your Debt Agreement, if your creditors agree to the change. Just like submitting a new proposal, the creditors will only accept changes to your proposal if they consider it reasonable. A variation to a Debt Agreement will only be accepted if a majority in number and value agree to the changes. With our expertise, Debt Fix can help you change your proposal.
Can I pay it off sooner?	Yes. If you are in a position to pay the Debt Agreement sooner, you should consider doing so. By paying the Debt Agreement sooner, you will save time. There is no financial penalty to paying the Debt Agreement sooner.