



Tips on how to negotiate your bills during COVID-19 so you can survive financially!

How to negotiate your bills so you survive the "COVID-19 Crisis" financially

by Sean Musgrove

- **This article gives tips on how to reach out to your creditors if you are impacted by COVID-19. This is general advice and not meant to be legal advice as one fact can change the entire analysis. If you have legal questions, please consult with an attorney.**

The COVID-19 pandemic is scary. Not just because of the actual threat of the illness, but because of the economic loss we are all facing. From food servers, to professionals, to business owners, all people are experiencing economic hardships.

The worst part of this is the unknown of what happens to us if we live through this. How are we going to survive economically?

We have obligations to pay essential bills such as rent/mortgages, car payments, and insurance. When this is over, how does this all work out? What can we do now to make our situation a bit better when this is over?

Simple. All sides need to negotiate and find a solution. This means you need to call the other side and make a good faith attempt at resolving the issue. If you receive a call from someone asking for help, you should also try to help them out. It is in everyone's best interest to do so.

If you need help because you are suffering financially from COVID-19, there are a few simple steps that you want to follow when you call your creditors.

Step One: Determine your budget.

Before you call, I suggest you put pen to paper and determine your budget. This will help you figure out what you actually can pay and what you cannot pay.

Step Two: Determine who is the most important to pay.

After you determine what your budget is, the next step is to reach out to your creditors. Before you call a creditor, determine which creditor is the most important.

For example, you may place your rent as a higher obligation than your cable bill. You may want to keep a credit card open in case a car breaks down before paying for your landline phone bill. These are personal decisions that you have to make, and they will vary from person to person.

Also, you should try to figure out what position your creditors are in and what you anticipate their response will be. For example, a mega-corporation cable company may have programs for people in your situation. A landlord who is retired and relies on your payment as income may not be willing to help you as much, at least not at first.

Even if you do not think someone is going to help you, remember the old saying; "Squeaky wheels get greased." In other words, all you can do is ask.

Step Three: Call the Creditors.

After you draft your creditor list, call each creditor, in order of most important. You should be ready to discuss what the two of you can do to get through this crisis together.

Start by explaining your situation and by offering solutions based on your budget. You may want to explain how the COVID-19 crisis is affecting your ability to pay all of your bills. If you got laid off and now are on unemployment, or, you are sick from the virus, they should know that as well. Be prepared to show proof if they ask for it.

When calling creditors, it is important to be sincere and honest. You will be talking to a person who may be in a similar situation as you. People are more willing to help those they think are being honest than people they think are not.

Step Four: Put All Conversations in Writing

Keep track of your conversations. Write down with whom you have talked and what was discussed. Send a letter or an email to them after the conversation, whether they agree to give you a break or not. This is very important that you do this. Finally, if you come to an agreement, make sure you update your budget to see what you have left over for the next creditor you are going to call.

Step Five: Keep your promises the best you can.

If you have an agreement, it is important that you work hard to keep the agreements that you made. If anything unforeseeable occurs that will prevent you from paying a bill, make sure you communicate with them so you can keep the spirit of the deal alive. If you were going to pay them on a Friday, but it is going to be delayed a few days because your unemployment check hasn't come yet, let them know.

What happens if someone says no?

A creditor may not agree to give you a temporary break in your obligation. What do you do then?

First don't panic. Let me repeat that again. DO NOT PANIC!!! Panicking will accomplish nothing and you have more calls to make.

Second, make sure you send a confirming communication to them that says that you asked for help and they said they could not help you. This communication should be polite and professional. Why would you do this?

The first reason is a letter or an email may be read later on, and they may later agree to make a deal with you. What they don't agree to today they may agree to tomorrow as their situation changes.

A second reason is if you later get sued in Court for breach of contract because you could not meet your obligation, you can show the Court both your budget and your attempts to negotiate in good faith. There are many defenses to breach of contract, including the defense that it was simply impossible to perform the contract. If you get sued, please consult an attorney, as every situation is different.

What my office is doing...

I am telling you the following so you understand the perspective of a business owner.

I run a midsize law firm in Folsom, California. We focus on family law, civil litigation and business services. We are 100% customer service driven. We are in business because we have relationships with our clients.

When clients call my office for help because of the COVID-19 crisis, we are figuring ways out to help them as we want to maintain our relationship with them.

On a case by case basis, we offer different solutions.

We offer payment plans.

We also offer to pause all work either temporarily or permanently by having the client sign us off the case so they do not incur more legal charges.

We are offering flat fees to clients for emergency circumstances, such as domestic violence and support modifications due to COVID-19 job loss. We want to help.

If a client calls for help, my staff and I put our heads together to find a way to do the right thing for both the law firm and the client. We do this because, when things turn around and this crisis is over, we want to maintain our relationships with our clients.

Other business owners should be doing the same thing.

Call 916-965-4577 for a free consultation.

LAW OFFICES OF
**SEAN
MUSGROVE**

FAMILY LAW &
PERSONAL INJURY

**We fight to make
your life better...**

**Aggressive representation
doesn't mean you bark
a lot.
It means working hard,
and making it look easy...**

**Free attorney
consults,
always...**



Sean Musgrove is an attorney of a mid-size law firm in Folsom, California. His firm focuses on family law, civil litigation, general tax advice, and business law. He can be reached at myteam@seanmusgrove.net or at 916-965-4577.

Copyright © 2020 by the Law Office of Sean Musgrove, All rights reserved.

Our mailing address is:

75 Natoma Street, #A
Folsom, CA 95630