

LEMMA STRATEGY GROUP

# THE ACTION PLAN

Stabilize your situation. Know when to escalate. Use the right words.

<b>PART 1</b>	<b>The Stabilization Sequence</b>	4-week framework to stop the bleeding
<b>PART 2</b>	<b>Creditor Call Scripts</b>	What to say to every type of creditor
<b>PART 3</b>	<b>Escalation Triggers</b>	Know when DIY isn't enough — and what to do next

**You don't need a miracle. You need stability. This plan gives you the tools to get there.**

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## PART 1

# The Stabilization Sequence

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### A 4-week framework to stop the bleeding and see clearly

This sequence works regardless of which Pressure Zone you're in. The goal isn't to pay off all your debt in four weeks — it's to stabilize your situation so you can make clear decisions from a position of calm rather than panic.

Work through each week in order. Check off actions as you complete them. At the end of four weeks, you'll have a clear picture of where you stand and what path makes sense for you.

#### WEEK 1

#### STOP THE BLEEDING

Before you can move forward, you need to stop moving backward. This week is about assessing damage, pausing non-essential spending, and creating breathing room.

- Complete your Debt Snapshot (if you haven't already)
- List all recurring subscriptions and memberships — cancel or pause anything non-essential
- Identify your actual monthly baseline: rent/mortgage, utilities, food, transportation, insurance
- Calculate the gap: Income minus baseline = what's actually available for debt
- Stop using credit cards for new purchases (switch to debit or cash only)
- Open all mail and review all statements — no more avoidance
- Make a list of every creditor, current balance, status (current / 30 days / 60 days / collections)

#### WEEK 2

#### COMMUNICATE

Silence is expensive. This week, you're going to contact every creditor and explore what relief is available. Creditors have programs for this — but they won't offer them if you don't ask.

- Call your highest-priority creditor (use the Creditor Call Scripts in Part 2)
- Request hardship options: reduced payments, lower interest rates, payment deferrals
- Document everything: name of representative, date, what was offered, reference numbers
- If denied, ask: 'Is there anyone else I can speak with about hardship options?'
- Work through your creditor list, one call per day if needed
- For accounts in collections: request debt validation in writing before agreeing to anything
- Do NOT agree to any payment you can't actually make

## WEEK 3

## RESTRUCTURE

Based on what you learned in Weeks 1 and 2, it's time to restructure your approach. This means accepting the hardship terms that help, reallocating your payments strategically, and creating a sustainable plan.

- Accept and confirm any hardship programs that improve your situation
- Rank your debts by consequence (not by balance or who calls most)
- Priority order: Legal threats → Secured debts → High-interest unsecured → Everything else
- Allocate your available funds according to priority
- Set up autopay for minimum payments (so you never miss by accident)
- Create a simple tracking system: spreadsheet, app, or paper
- Recalculate your Debt Snapshot with new terms

## WEEK 4

## STABILIZE AND ASSESS

The immediate crisis should be contained. Now it's time to establish your new baseline and — critically — assess whether your current path is sustainable.

- Confirm all hardship agreements are active and payments are set up
- Update your Debt Snapshot with current balances and new terms
- Calculate your new payoff timeline: At current payments, how long until debt-free?
- Calculate total interest you'll pay over that timeline
- Set a monthly check-in reminder (15 minutes, same day each month)
- Complete the Reality Check below

### THE WEEK 4 REALITY CHECK

After hardship programs and restructuring, what is your debt-to-income ratio? \_\_\_\_\_%

What is your realistic payoff timeline at current payments? \_\_\_\_\_ years

How much total interest will you pay over that timeline? \$ \_\_\_\_\_

Can you sustain these payments for the full timeline? Yes / No / Uncertain

*If payoff exceeds 5–7 years, or sustainability is uncertain, review the 'What Comes Next' section to explore your options. This isn't failure — it's math.*

# Creditor Call Scripts

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## What to say when you call — organized by creditor type

These scripts give you a starting point for conversations with different types of creditors. Each creditor type has different programs, different language, and different levers that may help your situation.

- Have your account information ready (account number, current balance, payment history)
- Know what you can realistically afford
- Be prepared to document everything (use the Call Documentation Log)
- Remember: a 'no' from one representative is not necessarily a 'no' from the company

■ **These scripts use soft language intentionally. Programs and outcomes vary by lender, state, and individual circumstances. Nothing here is guaranteed.**

## Credit Card Hardship Script

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This is your highest-leverage call. Creditors prefer to work with you rather than send an account to collections. Ask while you're current — you'll get better terms.

### Opening

**You:** "Hi, I'm calling about my account ending in [LAST 4 DIGITS]. I've been a customer for [X years] and I'm experiencing some financial hardship. I'd like to discuss options that might help me manage my payments."

### Explain your situation

**You:** "I've had [brief explanation: a reduction in income / unexpected medical expenses / a job transition]. I want to keep my account in good standing, but I need some help to do that right now."

### Ask directly

**You:** "Do you have any hardship programs that could temporarily reduce my interest rate or lower my monthly payment? I'm committed to paying what I owe — I just need some relief to get through this period."

## If They Say No

### Try this

**You:** *"I understand. Is there a different department — maybe a hardship or retention team — that I could speak with about my options?"*

### Try this

**You:** *"Is there a supervisor who might have more flexibility to help with my situation?"*

**A 'no' from one representative is not a 'no' from the company. Call back in 24–48 hours if needed. Persistence matters.**

## Auto Loan Hardship Script

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Auto loans are secured debt — the vehicle is collateral. Repossession costs lenders \$1,000–\$2,500 or more, and they often recover only 40–60% at auction. Working with you is usually in their interest too.

### Opening

**You:** "Hi, I'm calling about my auto loan. My account number is [NUMBER]. I'm experiencing some financial hardship and I'd like to discuss what options might be available to help me stay current on my loan."

### Explain your situation

**You:** "I've been dealing with [brief explanation]. I want to keep my vehicle and continue making payments, but I need some temporary relief to get back on track."

### Ask about options

**You:** "I understand you may have programs for customers experiencing hardship. Could you tell me what options might be available? I'm specifically wondering about payment deferrals, due date adjustments, or any hardship programs you offer."

## If Repossession Is Threatened

### Reframe the conversation

**You:** "I understand my account is past due and I want to resolve this. Repossession would be difficult for both of us — I'd lose my transportation to work, and I know the process is costly for lenders too. I'd like to find a solution that works for everyone."

■ Repossession laws vary by state. In many states, lenders must provide notice and may offer a 'right to cure' period. Consider consulting a consumer rights attorney if repossession is imminent.

## Medical Debt Script

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Nonprofit hospitals are legally required to have financial assistance programs. Many for-profit hospitals offer them too. Studies suggest up to 80% of medical bills contain errors — request an itemized bill before paying anything.

### Request financial assistance

*You: "Hi, I'm calling about a bill I received. My account number is [NUMBER]. I'm having difficulty paying this bill and I'd like to learn about any financial assistance programs that might be available."*

### Ask about programs

*You: "I understand many hospitals have charity care or financial assistance programs for patients who qualify. Could you tell me about your hospital's program? What are the income guidelines, and how do I apply?"*

### If told you don't qualify

*You: "I understand. Are there any other options — perhaps a payment plan with reduced payments, or a discount for paying a lump sum? I want to resolve this bill but I need to find an arrangement I can actually manage."*

**✓ Never put medical debt on a credit card before exploring all options. Medical debt has more flexibility, and you may lose negotiating power once it's transferred.**

## Federal Student Loan Script

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Federal student loans come with more protections than most other debt. Income-Driven Repayment (IDR) plans can result in \$0 monthly payments if your income is low enough. Always exhaust IDR options before forbearance.

### Opening

**You:** *"Hi, I'm calling about my federal student loans. I'm having difficulty making my current payments and I'd like to explore options that might lower my monthly payment."*

### Ask about IDR

**You:** *"I've heard about income-driven repayment plans that base payments on income. Could you help me understand which plans I might qualify for, and what my payment might be under each one?"*

### If you need immediate relief

**You:** *"I need some immediate relief while I get back on my feet. Could you explain the difference between deferment and forbearance, and which one might make sense for my situation?"*

■ *Interest continues to accrue during most forbearance periods — this can significantly increase your total balance. IDR plans are almost always the better long-term solution.*

## Private Student Loan Script

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Private loans have fewer built-in protections than federal loans, but many lenders do offer hardship programs. You have to ask. Options may include forbearance, interest-only periods, or extended repayment terms.

### Opening

**You:** *"Hi, I'm calling about my student loan. My account number is [NUMBER]. I'm experiencing financial hardship and I'd like to discuss what options might be available to help me manage my payments."*

### Ask specific questions

**You:** *"I'm specifically wondering about: forbearance or deferment options, interest-only payment periods, or any modification programs that might lower my payment temporarily."*

### If they say no

**You:** *"I understand. Is there a hardship or loss mitigation department I could speak with? Or would providing documentation of my situation help me qualify for any programs?"*

■ *Be cautious about refinancing federal loans into private loans. You'll lose federal protections including IDR plans and potential forgiveness. This decision is hard to reverse.*

## Utility Hardship Script

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Many states have laws protecting customers from shutoffs during extreme weather or for medical necessity. Programs like LIHEAP can help pay utility bills. Call 211 (United Way) for local resources.

### Opening

**You:** *"Hi, I'm calling about my account. My account number is [NUMBER]. I'm having difficulty paying my bill and I'd like to set up a payment arrangement or learn about any assistance programs that might be available."*

### If shutoff is threatened

**You:** *"I received a shutoff notice and I'm concerned about losing service. What do I need to do to prevent shutoff while I work on getting caught up? Is there a minimum payment I could make today to keep my service on?"*

## Escalation Script

### What to say when the first representative says no

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A 'no' from a frontline rep isn't always final. Supervisors, hardship departments, and retention teams often have more flexibility. Use these phrases:

#### Ask for escalation

**You:** *"I understand you may not be able to help with this request. Is there a supervisor or someone in your hardship department I could speak with? I'd like to explore all my options before giving up."*

#### Reference your history

**You:** *"I've been a customer for [X years] and this is the first time I've ever had trouble making payments. I'm hoping the company might be willing to work with me given my history. Is there someone who can review my account?"*

#### Key phrases that may help:

- 'I want to find a solution that works for both of us'
- 'I'm committed to paying — I just need some help getting through this period'
- 'Is there anything else we haven't tried?'
- 'I'd like to avoid collections / repossession / default if at all possible'

## 'I Can Only Pay X' Script

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Use this when you know exactly what you can afford — and it's less than they're asking. This is NOT settlement. You're asking for a payment arrangement that fits your actual budget.

#### State your position

**You:** *"I've done a careful review of my budget, and I can realistically afford to pay [AMOUNT] per month toward this account. I know that's less than you're asking, but it's what I can actually commit to and sustain."*

#### If they push for more

**You:** *"I understand you'd prefer a higher payment. But if I agree to more than I can actually pay, I'll end up defaulting on the arrangement, which doesn't help either of us. [AMOUNT] is what I can genuinely sustain."*

### **If they say no**

**You:** *"I understand you can't accept that right now. I'd like to pay what I can while we figure this out. Can you note on my account that I attempted to set up an arrangement and offered [AMOUNT] per month?"*

■ **Never agree to a payment you can't actually make. Defaulting on an arrangement can be worse than making no arrangement at all — it can accelerate collection activity.**

## Debt Validation Letter Template

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Use this when contacted by a debt collector (not the original creditor). Under the FDCPA, if you send this within 30 days of first contact, they must stop collection activity until they validate the debt. Send via certified mail.

[Your Name]  
[Your Address]  
[City, State ZIP]  
[Date]

[Collector Name]  
[Collector Address]  
[City, State ZIP]

Re: Account Number [NUMBER]

To Whom It May Concern:

I am writing in response to your contact regarding the above-referenced account. Pursuant to my rights under the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. § 1692g, I am requesting validation of this debt.

Please provide the following:

- The name and address of the original creditor
- The amount of the debt at the time it was assigned to your agency
- Documentation showing I agreed to pay this debt
- Documentation showing you are licensed to collect in my state
- A complete payment history on this account

Until this debt is validated, please cease all collection activity as required by law.

Sincerely,  
[Your Signature]  
[Your Printed Name]

■ *This letter requests validation — it doesn't make the debt go away. Do not admit the debt is yours or offer payment in this letter.*

## Call Documentation Log

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Fill this out during or immediately after every call. Verbal promises are hard to enforce — documentation protects you if there's ever a dispute.

<b>Date</b>	_____
<b>Time</b>	_____
<b>Company / Creditor</b>	_____
<b>Phone Number Called</b>	_____
<b>Representative Name</b>	_____
<b>Rep ID / Extension</b>	_____
<b>Reference / Confirmation Number</b>	_____
<b>Reason for Call</b>	_____
<b>What Was Discussed</b>	_____
<b>What Was Offered / Agreed To</b>	_____
<b>Next Steps / Follow-Up Required</b>	_____
<b>Written Confirmation Requested?</b>	Yes / No
<b>Written Confirmation Received?</b>	Yes / No / Pending

# Escalation Triggers

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How to know when DIY isn't enough — and what to do next

This guide helps you recognize when self-managed debt payoff may no longer be the most effective path. These aren't signs of failure — they're information. The goal is to make decisions based on math, not emotion.

**The smartest financial move is sometimes recognizing when you need help. Knowing when to escalate is a skill, not a surrender.**

## The Math-Based Triggers

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### Trigger #1: Debt-to-Income Ratio Above 40%

- My debt-to-income ratio is above 40%

**Why it matters:** When debt exceeds 40% of annual income, the math becomes very difficult. Even aggressive payoff strategies may take 7+ years, during which interest continues to compound. At this level, professional debt resolution options often produce better outcomes than extended DIY payoff.

### Trigger #2: Payoff Timeline Exceeds 5–7 Years

- My realistic payoff timeline exceeds 5 years
- My realistic payoff timeline exceeds 7 years

**Why it matters:** Extended timelines mean years of interest accumulation, financial stress, and limited flexibility. The total cost of DIY payoff over 7+ years often exceeds what you'd pay through professional resolution.

### Trigger #3: Minimum Payments Exceed 20% of Take-Home Pay

- My minimum payments exceed 20% of my take-home pay

**Why it matters:** When minimums alone consume more than 20% of your income, there's little room for emergencies, savings, or actually making progress on principal. This typically indicates the debt load is unsustainable without intervention.

### Trigger #4: Total Interest Will Exceed Original Debt

- I'll pay more in interest than my original debt balance

**Why it matters:** If you'll pay \$25,000 in interest on a \$20,000 debt, you're paying \$45,000 total. Professional resolution might reduce that significantly. Let the math guide the decision.

## The Situation-Based Triggers

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### Trigger #5: Accounts Are in Collections or Charged Off

- One or more accounts have been charged off by the original creditor
- I'm receiving calls or letters from debt collectors (not the original creditor)
- Accounts have been sold to collection agencies

**Why it matters:** Once debt is charged off or sold to collections, settlement becomes a real option — but DIY settlement has significant risks (statute of limitations, tax implications, collector tactics). Professionals handle these situations daily and can protect you from costly mistakes.

### Trigger #6: Legal Action Has Been Threatened or Filed

- I've received a letter threatening legal action or lawsuit
- I've been served with actual court papers (summons and complaint)
- There's a judgment against me
- My wages are being garnished or my bank account has been levied

**Why it matters:** Legal action requires legal response. Missing deadlines or responding incorrectly can result in default judgments that follow you for years. Consulting a consumer attorney or professional debt resolution service is strongly recommended.

**■ If you've been served with a lawsuit summons, respond by the deadline (typically 20–30 days). Do not ignore it. Consider consulting a consumer attorney immediately.**

### Trigger #7: You're Considering Risky Moves

- I'm thinking about withdrawing from retirement accounts to pay debt
- I'm considering taking out a high-interest loan to consolidate
- I'm thinking about using home equity to pay unsecured debt
- I'm considering paying a 'debt relief' company I found online without researching them

**Why it matters:** These moves can make your situation worse. Retirement accounts are often protected from creditors — draining them to pay unsecured debt sacrifices that protection. Get professional input before any major financial move.

## The Emotional and Behavioral Triggers

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### Trigger #8: Avoidance Has Taken Over

- I avoid opening mail related to my debts
- I don't answer calls from numbers I don't recognize
- I haven't looked at my full financial picture in months
- Thinking about my debt causes physical symptoms (chest tightness, nausea, insomnia)

**Why it matters:** Avoidance is a trauma response, and it's understandable. But it means things are getting worse without your awareness. If you can't engage with the problem yourself, having a professional handle it may be the healthiest path forward.

### Trigger #9: It's Affecting Your Health or Relationships

- My debt stress is affecting my sleep, health, or mental wellbeing
- My debt situation is creating conflict in my relationships
- I'm unable to focus on work or other responsibilities because of debt anxiety

**Why it matters:** Debt is a financial problem, but chronic debt stress is a health problem. Sometimes the best financial decision is also the one that restores your ability to function. Getting help isn't just about money — it's about getting your life back.

### Trigger #10: You've Been Trying for 6+ Months Without Progress

- I've been actively working on my debt for 6+ months
- My total debt balance hasn't meaningfully decreased
- I feel like I'm running in place

**Why it matters:** Effort without progress is demoralizing and expensive. If you've genuinely been working the plan and the numbers aren't moving, that's data. It may be time for a different approach.

## Counting Your Triggers

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<b>0–2 Triggers</b>	DIY payoff is likely a reasonable path. Continue with the Stabilization Sequence and Pressure Zone strategies. Monitor your progress monthly.
<b>3–5 Triggers</b>	You're in a gray zone. DIY may still work, but it will be difficult. Consider a free consultation to understand your options — even if you ultimately decide to continue DIY, you'll make that choice with full information.
<b>6+ Triggers</b>	The indicators suggest DIY alone may not be the most effective path. This doesn't mean you've failed. Professional debt resolution (settlement, structured negotiation, or bankruptcy review) is worth seriously exploring.

## The Decision Framework

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### If the Math Works (Even If It's Hard)

Payoff timeline under 5 years. Total cost acceptable. Payments sustainable.

→ Continue DIY with the Stabilization Sequence and Playbook strategies

### If the Math Is Borderline

Payoff 5–7 years. Sustainable but strained. Some triggers present.

→ Get informed: Schedule a free consultation to understand your options.

→ You can always choose DIY after learning what's available.

### If the Math Doesn't Work

Payoff exceeds 7 years. Multiple triggers. Collections or legal action involved.

→ Strongly consider professional help — DIY is likely not the most efficient path.

→ A free consultation costs nothing and could save you years and thousands of dollars.

**The goal is the best outcome — not proving you can do it alone. Let the math guide you.**

## What Professional Help Actually Looks Like

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### The Consultation (Usually Free)

- Review of your full financial situation
- Explanation of all available options (not just what they sell)

- Honest assessment of whether their services make sense for you
- No obligation to move forward

A legitimate debt resolution company will never pressure you to sign up immediately. If they do, that's a red flag.

### **What to Watch Out For**

- *Red flags: Upfront fees before services are rendered. Guarantees of specific results. Pressure to stop paying creditors without a clear strategy. Lack of transparency about fees.*
- Research any company before working with them (check BBB, state attorney general, CFPB complaints)
- Understand their fee structure before signing anything
- Get everything in writing

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