What Types of Debt Cannot Be Settled?

Just as important as knowing what qualifies is knowing what does not. Enrolling debt that is not actually eligible wastes time and, in some cases, puts assets at risk.

- ✓ **Federal student loans.** These are not settled through this process. Federal programs have their own income-driven repayment, forgiveness, and hardship options that work differently and should be handled separately.
- ✓ **Mortgages.** Secured by your home. Missing payments here risks foreclosure, not settlement.
- ✓ **Auto loans.** Secured by the vehicle. Falling behind risks repossession rather than negotiation.
- ✓ **Tax debt.** Money owed to the IRS or a state tax authority follows an entirely different process, with its own settlement and payment plan options through the taxing agency itself.
- ✓ **Child support and alimony.** Court-ordered support obligations are not dischargeable or negotiable through debt settlement.
- ✓ **Most secured personal loans.** Any loan where you put up collateral, such as a car title or savings account, generally falls outside settlement.
- ✓ **Certain court judgments.** Depending on the type of judgment and your state, some judgments carry legal remedies, like wage garnishment, that settlement does not stop on its own.

> **Worth confirming early:** if a chunk of what concerns you falls into one of these categories, it does not mean you have no options. It means the right answer probably involves more than one tool, and that is worth mapping out before you commit to a single path.