



Debt Management Checklist for REALTORS®

Assessment, Organization & Strategy Development

Phase 1: Assessment & Organization

Complete Debt Inventory

- List all personal debts (credit cards, personal loans, mortgage, etc.)
- List all business debts (business credit cards, lines of credit, etc.)
- Record for each debt: creditor name, balance, interest rate, minimum payment, due date
- Determine total debt amount for personal and business separately
- Calculate monthly debt obligation total

Financial Situation Analysis

- Calculate average monthly income (consider income fluctuations)
- List fixed monthly expenses
- Calculate debt-to-income ratio: $(\text{Total monthly debt payments} \div \text{Gross monthly income})$
- Note: Aim for DTI below 36% (ideally below 28% for housing debt alone)
- Identify potential areas to reduce expenses
- Review tax deductible vs. non-deductible debt

Phase 2: Strategy Development

Debt Avalanche Method

- Order debts by interest rate (highest to lowest)
- Make minimum payments on all debts
- Put extra money toward highest interest debt
- Move to next highest rate after payoff

Debt Snowball Method

- Order debts by balance (smallest to largest)
- Make minimum payments on all debts
- Put extra money toward smallest balance
- Move to next smallest after payoff

Explore Debt Optimization Options

- Research balance transfer offers for high-interest credit cards
- Evaluate personal debt consolidation loans
- Consider business debt consolidation options
- Explore home equity options (if applicable and appropriate)
- Research refinancing options for mortgage or auto loans

Implementation, Monitoring & Prevention

Phase 3: Implementation

Create Debt Payoff Timeline

- Set realistic payoff goal dates for each debt
- Create monthly payment schedule
- Adjust for seasonal income fluctuations
- Schedule calendar reminders for payment due dates
- Set up automatic payments where appropriate

Financial System Optimization

- Separate business and personal expenses completely
- Set up dedicated accounts for tax obligations
- Create buffer account for commission income management
- Establish emergency fund (3-6 months of expenses)
- Implement expense tracking system

Phase 4: Monitoring & Adjustment

Regular Debt Review

- Schedule monthly debt review sessions
- Track payoff progress with visual aid (spreadsheet, app, etc.)
- Update debt balances monthly
- Recalculate debt-to-income ratio quarterly
- Adjust payment strategy as needed

Credit Profile Management

- Check credit reports quarterly at annualcreditreport.com
- Monitor credit scores monthly
- Dispute any inaccuracies promptly
- Note positive changes in credit profile as debt decreases

Phase 5: Prevention & Future Planning

Debt Prevention Strategies

- Create written spending guidelines for business and personal
- Implement 24-hour waiting period for non-essential purchases
- Develop saving strategy for irregular expenses
- Create business cash reserve for slow market periods
- Set up separate savings for tax obligations

Building Financial Resilience

- Diversify income streams
- Establish retirement account contributions
- Create plan for business expansion without excessive debt
- Develop clear criteria for "good debt" vs. "bad debt"
- Schedule quarterly financial planning sessions

REALTOR®-Specific Considerations & Resources

REALTOR®-Specific Considerations

Commission Income Management

- Create percentage allocation system for each commission check:
 - % for taxes
 - % for business expenses
 - % for debt repayment
 - % for savings/investment
 - % for personal expenses

Business Expense Management

- Review all business subscriptions and memberships quarterly
- Evaluate ROI on marketing expenses
- Consider tax implications before taking on new business debt
- Identify which expenses could be reduced during slow periods
- Explore association discounts on business services

Tax Strategy

- Consult with tax professional about deductibility of different debts
- Understand implications of debt forgiveness or settlement
- Optimize business entity structure for tax efficiency
- Maintain meticulous records of business debt and interest
- Plan quarterly estimated tax payments to avoid tax debt

Resources & Support

Professional Assistance

- Consider working with financial planner familiar with commission-based income
- Explore credit counseling if debt becomes overwhelming
- Consult with tax professional about debt management strategies
- Consider NAR financial wellness resources and counseling

Accountability System

- Share goals with accountability partner
- Schedule monthly check-ins on debt payoff progress
- Create reward system for hitting debt payoff milestones
- Join online community or local group focused on debt reduction
- Track and celebrate progress visibly

This checklist is provided as part of the "Understanding Credit & Debt" webinar
Presented by Lynnette Khalfani-Cox, The Money Coach®
For the National Association of REALTORS®