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Working with Collectors TIMELINE

- In most cases, the creditor starts out as the collector. Collection calls are made by employees of the lender (an “In House” collector).
- Eventually, the creditor will write-off the debt. This usually happens around 180 days past due (6 months)
- The debt is then sent to collections. This may be an internal company collections department, or most likely it will go to a third party collections company. You can be in this stage of collections for months, or even a year and longer if you will continue to communicate with the collector.
- You may be sued over the debt eventually, especially if you are not communicating with the collector. Once a judgment has been issued by the court (garnishment of wages and/or bank accounts), you typically have 30 days to negotiate a payment plan with the collectors attorney before the judgment is implemented. Once the judgment has been implemented, there may still be opportunity to work out a payment plan with the collector.

COLLECTION PRACTICES

The “In-House” collector may try some of the following tactics:

- Try to scare the consumer by threatening to send the debt to the collection company.
- Use the “Company Policy” excuse as a reason for not negotiating a favorable settlement or lower interest rate.
- Threaten lawsuits and destruction of the consumers credit score if the debt is sent to the collection company.

HANDLING COLLECTION CALLS

- Greet collectors with enthusiasm! Thank them for calling. It may keep them a little off balance.
- REMEMBER, *YOU ARE IN CHARGE!* You have what the collector wants ... money! You tell them what you’re going to do, based on what you’re able to do after the “4 walls” (Food, Shelter, Transportation, Clothing).
- Ask to make sure they are a person who is authorized to adjust interest rates or settle a debt. If not, ask to speak to their supervisor. If the supervisor is not authorized, ask to speak to the supervisor’s supervisor. Keep going up the chain until you are able to speak to someone with the authority to work with you.
- Get the collectors name, phone number, and extension. Write it down, and only deal with that collector going forward.
- Over-Communicate! Don’t avoid talking to collectors. This accomplishes nothing. But, tell them you’ll only accept **their** calls once per week. Mail them a letter every month explaining what you did this month to

better your situation (extra job, sold stuff, etc.). Include a copy of your monthly spending plan. If you're doing a Pro Rata plan, include a copy of the Pro Rata form as well.

- Collectors will usually try to invoke strong emotions. They may attempt to bring about feelings of guilt, shame, fear, and condemnation. **Don't take the bait!**
 - Remember that this is not a personal attack. It's simply about a debt that is owed.
 - Listen to what the collector has to say. Use this time to prepare emotionally.
 - Do not argue! Collectors love to argue!
 - Always remain calm, courteous, and civil. Collectors may not know how to respond.

- Make sure that you are setting your family's priorities. A collector should not be setting your family's priorities.
 - Maintain the "Four Walls" at all times (Food, Shelter, Transportation, Clothing). **Never** let a collector move a debt ahead of these priorities.
 - Never make a promise to a collector that you can't keep, or don't intend to keep.
 - Refuse to answer questions that seek personal financial information. This could be used against you later.

- **Words and Phrases to remember:**
 - SO, and NO
 - If wage garnishment or a lawsuit is threatened, ask "are you suing me"? Garnishments can only happen as a result of being sued.
 - That's Not Good Enough!
 - If the collector is using abusive language, warn them to stop or you'll hang up the phone. Abusive language is prohibited under the Fair Debt Collection Practices Act. You may also threaten to file a complaint with the State Attorney General and/or the Federal Trade Commission under the Fair Debt Collection Practices Act.
 - I'm going to give priority to lenders who are willing to work with me.
 - Please read back to me what's on your computer.

- **Actions to take:**
 - Remember that hanging up the phone is an option.

- If the situation continues to be abusive, file a complaint with the State Attorney General and/or Federal Trade Commission.
- If the situation continues to be abusive, send the collector via Certified Mail a Cease & Desist letter. Only use this in extreme cases, as this tends to initiate a lawsuit against you and eliminates all hope for a positive solution.
- Always get any settlements or interest rate reductions in writing. If it's not in writing, it doesn't exist. Any settlements must include the words "settlement in full".
- Never agree to send the collector a post-dated check.
- Never agree to allow the creditor access to your bank account.
- Consider opening a new bank account and paying any future payments via cashiers check only. This keeps your banking information out of the hands of the creditor.