

## Title:

Collection Harassment & Resolving Debt Pt. 2

## Word Count:

1055

## Summary:

In the last section we covered your rights against harassment and abuse by collectors. We also covered some options that your creditor may have to help you resolve your delinquent debt. Again I repeat that this is not legal advice but a guideline of your rights and options.

Before we begin I would like to share a little info about myself. I was a collector for about 10 years until health problems forced me to leave the profession in 2003. I was really proficient and often ...

## Keywords:

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## Article Body:

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Before we begin I would like to share a little info about myself. I was a collector for about 10 years until health problems forced me to leave the profession in 2003. I was really proficient and often resolved account no one else could. My supervisors would sometimes have poor performers sit next to me and the next month they would be getting bonus money. With that experience I may have some insight to share.

If your account is in collections and you simply can't catch them up you still have options. We will explore all of them.

- 1) Check with your creditor to see what programs they may have to assist.
- 2) Pay the furthest past due payment each month.-This doesn't catch you up ever but it keeps the situation from getting worse
- 3) Consumer Credit Counseling--- there are many different organizations that do

this. Some of them are businesses, some are not for profit. Check with the United Way. You simply pay them a set amount each month and they disperse it to your creditors. Most creditors will give special benefits to someone on this program. Typically they will bring the account current after 3 consecutive payments. (Similar to the cure program discussed in previous chapter) Since your account is current then, there are no late fees assessed. Additionally and perhaps even more beneficial is that most will reduce interest. Typically they drop the interest rate, usually to 6%-9%. Your creditors policy may be different. Your creditor will probably close your account for future charges with this option. In some case this option may save your creditor from being ruined by late payments.

4) Bankruptcy—This is also an option. Individual bankruptcy can be either 1 of 2 chapters.

7 is a straight liquidation. In other words, all of your unsecured debt is wiped out if the court approves your bankruptcy. You still must pay for your secured debts if you wish to keep them. The court MAY force you to sell some of your assets. But just because you file Chapter 7 doesn't mean you will lose your home or car. If you are at this point I strongly advise you to consult an attorney on what filing would mean to you.

Chapter 13 is similar except that your delinquent payments are paid over a period of 3 to 5 years in addition to your current payments. You may have to pay all, none or a small percentage of your unsecured debt over the term of the plan. Again if you feel this is an option then consult an attorney. If you decide this is the option for you then be aware of these facts. Once you notify your creditor that you have retained an attorney for bankruptcy and give them the attorneys name and a way to contact them, the creditor MUST stop all collection activity for " a reasonable time". Once the case has been filed they must stop all collection activity against you.

FAQ Q I mentioned to the collectors that I may file bankruptcy. They said not to because my credit will be ruined for 10 years. Is this true. A. First lets look at who told you that. A collector. His/her job is to get you to pay the debt. He may or may not get a bonus off getting you to pay. What is true is that it will report on your credit bureau for up to 10 years. Maybe even less. Will you ever be able to get credit again? Most likely. It depends on many factors. What is true that it may be more difficult to get credit but not impossible. You may also pay a higher interest rate than you would if you had never went past due.

I personally had to file a chapter 7 in 1996 after my son was in accident with medical bills over ½ million dollars. 30 days after the case was finalized I was

able to get financed on a 1-year-old truck with no money down. 18 months later I had credit cards and had purchased a house and got it financed.

There are lenders whom will finance you but they charge higher interest rates This is called "sub-prime lending" Just because you are behind on your bills and cant catch up the past due payments doesn't always mean you should file bankruptcy.

Communicate with your creditor first and see what options are available, look into credit counseling to see if they can help. New laws coming into effect may make that a requirement before bankruptcy can be filed.

Q I got 4 months behind on my bills when I lost my job. I got caught up but my creditor will not fix my credit. What can I do to make them remove the bad mark against me. An If you where 4 months past due and they are reporting that, they are following the law. If a creditor reports they must report accurately This quote is from the Fair Credit Reporting Act "Reporting information with actual knowledge of errors. A person shall not furnish any information relating to a consumer to any consumer reporting agency if the person knows or consciously avoids knowing that the information is inaccurate. " In other words, they can't report that you weren't past due if you where and vice versa. The only way they can change a report is if it was due to the fault of the creditor. (i.e. payments posted to wrong account)

However you can place a statement into your credit file that explains any derogatory info. (i.e I was behind because of unemployment) As long as that negative information is on file that statement must accompany it. It is up to the person with whom you applied to for credit who makes the decision of if you are granted credit or not. The credit bureaus do not determine if you get credit. They simply relay your score which is based a many factors such as payment history, recent inquiries, % of total credit available to you that you have used, and income to debt ratio.