

## THE SECRETS OF BILL COLLECTORS

John Barnes is not his real name. An employed bill collector, he uses a pen name in an article listing all the things bill collectors don't want the public to know.

Barnes' article was published by the Nolo Press in Berkeley, California, in its Nolo News quarterly, which has granted me permission to quote from the article titled, "10 Things Bill Collectors Don't Want You to Know".

Collectors "are trained to handle every type of response" when calling debtors and seeking payment commitments, Barnes wrote. But debtors who know the tactics are in a better position to negotiate a more sensible repayment plan than one they may be pressured into. Here are the secrets:

- Collectors seek immediate and large down payments on debt because they earn commissions, usually 30% to 50%.
- Payment deadlines are fake. "Collectors simply want to create a sense of urgency."
- Collectors do not need a financial statement, even if they say they do to work up repayment plan. They are seeking information – bank accounts, place of employment and so forth – that will help find you if you move or if they sue you.
- Threats that your credit will be ruined or that your personal possessions, such as your car, will be seized are inflated. Your credit already is bad if an agency is calling you. And seizing personal property usually is too costly, and is illegal in some states. "Probably 95% of the time, collectors go after only bank accounts and wages," Barnes wrote.
- You can always stop the harassing telephone calls. Just tell the agency in writing to stop and, by law, it must, except to notify you the matter is being dropped or that a certain action is being taken such as a lawsuit.
- Be aware that collectors can easily check your bank account balance if they know your Social Security and bank account numbers.
- If a debtor works and has bank accounts outside of the state where a lawsuit was filed, the collector can do little. That's bad news for creditors. "To collect, he collection agency must transfer the judgement to your state, which is prohibitively time-consuming and expensive."
- Social Security payments, pensions and 75% of take-home pay are protected from judgments and enforcement. Debtors can protect the other 25% of pay by proving it would cause hardship to them or their families.
- It usually is too expensive for collection agencies to force debtors to answer questions about assets and income in judgments won by creditors, even of court forms and even when fines are threatened for not answering the questionnaires.
- Collectors hate this, but student loans may be paid out with a little as \$10 per month for at least six months in hardship cases, under the 1992 Higher Education Act.

The Nolo Press, which acts to broaden consumer access to legal information, publishes three books for people with credit and debt problems:

"Money Troubles: Legal Strategies to Cope With your Debts" by Robin Leonard (\$16.95).

"Nolo's Law Form: Rebuild Your Credit" (\$14.95).

"How to File for Bankruptcy" by Leonard, Stephan Elias, and Albin Ranauer (\$25.95).

These books are available in bookstores, or by calling Nolo Press at (800) 992-6656.

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