

# CENTRAL VIRGINIA LEGAL AID SOCIETY, INC.



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## 12 Common Sense Rules for Dealing with Creditors and Debt Collectors

1. You have the same problem faced by millions of people. You have more expenses, bills and debts than you have money to pay them. Due to this, your only choice is to pay your most important expenses, bills and debts first, and your least important expenses, bills and debts last **or not at all**.

2. It's your money, not your creditors' money. You get to decide how to spend your money. Your creditors don't get to decide how to spend your money. You should spend your money the way that's best for you, not the way that's best for your creditors.

3. You should pay your most important expenses **first**. This means rent or mortgage, current utilities, food, clothing, ongoing medical care, transportation, insurance and other ongoing monthly expenses Your least important expenses are your credit cards, old medical bills, old utility bills and other unsecured debts where – if you don't pay them – nothing can be taken from you.

4. You have **nothing** useful to say to your creditors. Your creditors have **nothing** useful to say to you. Your creditors are not interested in why you can't pay. They just want your money. They have no better way to get your money than to try to scare, shame and intimidate you. Don't let them.

5. When you answer the phone, as soon as you know it's a creditor or debt collector, **HANG UP THE PHONE**. If they call again, **HANG UP THE PHONE**. Do this as often as you need to until they stop calling. Tell your friends and family to do the same thing if they are called about your bill, debt or judgment. It's your phone, not your creditors' phone. You pay your phone bill. Your creditors don't pay your phone bill. You get to decide who talks on your phone. Your creditors don't get to decide who talks on your phone.

6. When creditors or debt collectors send letters, notices and bills, you don't have to reply. You don't even have to open or read them. You can just toss them in a paper grocery bag and put the bag in a closet.

7. If you don't pay a bill or debt, the worst that can happen to you is a creditor may file a lawsuit and get a judgment against you. A judgment is nothing more than a piece of paper at the courthouse that says you owe someone some money. It does not collect itself. It has to be collected by legal action. There are four ways judgments are collected. Two are quick, easy and common. Two are long, hard and rare.

8. The two quick and easy ways to collect a judgment are to file court papers to garnish your income or your bank account. Income that can't be garnished includes government benefits, pensions, child support, and wages after taxes of \$290 per week or less.

9. If you have no income that can be garnished, and the money in your bank account is from income that can't be garnished, you are collections-proof. You are in very little danger of losing any income or property.

10. The two long and hard ways to collect a judgment are to file court papers to sell some of your personal property or your house and land. However, most of your personal property is protected from creditors. Sales of personal property, or a house and land, to pay a judgment are very rare and not worth worrying about.

11. You will **not** be arrested or jailed for not paying bills, debts or judgments. Anyone who says otherwise is lying and may be breaking the law that governs debt collectors. There are **no** warrants for your arrest for not paying a bill, debt or judgment. Anyone who says otherwise is lying and may be breaking the law that governs debt collectors. You will **not** be contacted by a federal agent about an unpaid bill, debt or judgment. Anyone who says otherwise is lying and may be breaking the law that governs debt collectors.

12. It is **not** a crime to not pay a bill, debt or judgment. You have done nothing illegal or wrong by not paying a bill, debt or judgment. Take this off of your worry list.