Weltman

Commercial Collections FAQ's

1. **When should I refer a commercial account for collection?**

If your customer/borrower is in default, then your account should be referred for collection ASAP. Although you may have internal mechanisms to attempt to collect the delinquent debt, if those attempts are unsuccessful it makes sense to escalate the matter quickly. An important consideration is that if your customer/borrower is having difficulty paying you, they may be having difficulty paying other creditors as well. You want to act quickly to ensure that you are able to collect the most possible from a probable limited source of funds. Moreover, you want to pursue a litigation option before other creditors if the debt itself warrants such an approach. A good estimated timeline would be 30-60 days after default.

2. **Can you enforce judgments after litigation?**

A court judgment does not mean that you will be paid, it means that the court has held that your debt is owed by law. At that point, you are entitled to use available legal remedies to compel payment of the judgment. Although the permitted mechanisms vary by state, they typically include wage garnishments, bank attachments, real estate liens and foreclosures, property levies, debtor's exams, receiverships, etc. Also, a judgment entered in one state can be domesticated in another state for enforcement.

3. **Can you handle large portfolios or high-volume placements?**

WWR can handle large portfolios and high-volume placements with technology-driven solutions and professional expertise.

4. **Why should I ever consider accepting less than what is due on my commercial account?**

The decision to settle an account for less than what is due is a difficulty decision, but may be the right business decision based on the facts and circumstances at hand. Factors to consider include possible legal issues with your debt, the financial condition of the debtor, the existence and amount owed to other creditors, the time to ultimately collect a judgment, the availability of robust judgment enforcement mechanisms in the debtor's state, etc.

5. Should I litigate my commercial collection account?

The decision to litigate an account depends on several factors. These include the strength of your legal position, the assets of the debtor, the language of your contract, the existing law in the appropriate jurisdiction, the amount of your debt, whether there is outstanding collateral securing the debt, among others. Moreover, you must ensure your debt can still be sued under the applicable statute of limitations.