

The Collector Chronicle

NORTH AMERICAN RECOVERY

October 2012

Utah's Collection Authority

LAST MONTH'S PRIZE

Last month, rather than giving away a gift certificate or event tickets, we donated \$100 to the Aurora Victims Relief Fund. This fund, established by Community First Foundation in partnership with Colorado Governor John Hickenlooper, will be used to help meet the needs of the victims and families affected by the Aurora Shooting in Colorado. North American Recovery would like to extend its sincerest condolences to all those affected.



THIS MONTH'S PRIZE

This month we will be giving away a gift certificate to Ruth's Chris Steakhouse. Each client who sends new accounts during the month of October will have their name entered into a drawing. At the end of the month we'll draw a name and, if it's yours, you'll win the gift certificate.

*Don't miss out on your chance to win;
send new accounts in October!
Good luck!!*



Changing a Name

BY DAVID J. SAXTON

PRESIDENT, NORTH AMERICAN RECOVERY

When a customer is set up in your system they are probably assigned some sort of account number, but when an employee needs to access that account they probably look it up by name. Even if you have additional responsible parties on the account, the original customer is usually the name on that account.

When an account is assigned to our office we do the same thing. We set up the account as being owed by John Q. Debtor, and if there is a cosigner, a Mary Jane Debtor for example, we will add her to the appropriate fields. When we acknowledge the assignment we list both names; however, any additional reports, including our monthly statement and status reports, will only list the main debtor's name (John Q. Debtor in this case).

This is pretty basic stuff, but sometimes we encounter situations where we need to "switch" a debtor and a cosigner or remove the original debtor completely. I thought I would discuss the reasons these changes might happen in this month's article.

First, I'll start with the most common reason we have for removing a debtor: bankruptcy. When a debtor files for bankruptcy protection we must stop the collection activity on ALL parties. If the bankruptcy is a chapter 7 and the debtor does not reaffirm the debt, we will end up writing off the entire balance; however, if there is a cosigner, we can start collecting from him or her after the discharge. (Usually 90 to 150 days after filing date.)

When a chapter 13 bankruptcy is filed, we can ask the bankruptcy court for permission to collect from the cosigner and, if granted, go after him or her. In either instance, we will remove the original debtor from the account and send you a letter notifying you of the change. The letter will tell you why we removed the debtor and the name of the cosigner (which will now be the "debtor"), so you

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can make a corresponding change in your computer system.

It is important that you make the necessary changes to your records because when we start sending you payments that we've collected from Mary Jane Debtor it could cause some confusion and frustration if your computer still shows that the debt is owed by John Q. Debtor .

Another situation we deal with has to do with healthcare bills and divorced couples. Here's what happens: One of the parents will bring the children in for service, but they don't carry insurance on the children. The other parent does. If the mother brings the children in, she will list the father as the responsible party, and when the healthcare provider sets up the account the father is listed as the "debtor". When we receive the account we have to collect from the person who brought the children in and signed the financial agreement. So we will add the mother as the debtor. For this reason, it's important that you check your acknowledgements closely to ensure the name we listed matches the name you sent.

A second issue we see on healthcare accounts has to do with an adult child who is still covered under his or her parent's insurance. The child (who is over 18) goes into the provider's office, sets up his own account, signs a financial agreement, but lists his father or mother as the responsible party. The client will set up the account under the parent's name for insurance billing purposes, but when collecting, we must go after the adult child (one more reason why it's important that you check your acknowledgements closely).

The last example on a healthcare debt has to do with collecting a "family" account. If the mother signed the financial agreement but listed the hus-

band as the responsible party, the client will send the account to us with the husband listed as the "debtor". But we will collect from the wife because she signed the financial agreement.

The next example can happen on any type of account (thankfully it doesn't happen very often). If a debtor passes away and we aren't able to collect anything from his estate, the account is a loss. If, however, there is a cosigner on the account, we will remove the debtor's name and replace it with the cosigner's. This change will again result in us sending you a letter explaining what has happened.

The final example we have of changing the name of a debtor occurs during the legal process. If we are collecting from two debtors (a debtor and a cosigner for example) and they live at different addresses, we will attempt to have both parties served with the lawsuit. If, however, we are unable to serve the debtor but we are successful in serving the cosigner, the judgment will be granted in the cosigner's name only. When this happens we must "flip-flop" the name of the debtor and the cosigner so the additional legal action will properly reflect the name of the judgment debtor. As with the other instances, we will send you notification of this change so you can modify your records to match ours.

All these changes might seem like a lot of effort, but we believe it's worth it. Staying on top of these changes has allowed us to collect several accounts that we wouldn't have otherwise. So keep this in mind when you notice that we've changed the name of a debtor, and call us if you have any questions.



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