If your wages, bank account, personal property, or home is at risk from judgment debt, you can approach the creditor or whomever is collecting the debt about a “workout” agreement, even after a court judgment is entered against you. Offer to pay all or a portion of the amount due, over a period of months or even years. The amount you offer to pay should be directly related to what the collector can seize. Do not offer to pay $3,000 over twelve months when the only items the creditor could seize have a market value of $500.

Always get a workout agreement in writing. The written agreement should excuse you from attending any debtor’s examination that has been scheduled and should contain a promise not to use wage garnishment or seizure of your property as long as you continue to make payments. Also ask for an agreement to waive the remainder of the debt if part is paid. Some creditors accept partial payment if they know they can’t get payment in full. For the creditor, some payment is better than none.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
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