

The Collector Chronicle

NORTH AMERICAN RECOVERY

March 2013

Utah's Collection Authority

LAST MONTH'S PRIZE

The lucky winner of our client prize for February is Rocky Mountain Anesthesia. We have been collecting for them for 4 years and will be sending April a gift certificate for dinner for two at Ruth's Chris Steak House.

Congratulations and enjoy!!



THIS MONTH'S PRIZE

This month we will be giving away a \$100 gift certificate for the City Creek shopping center (or a comparable location in the winner's hometown). Each client who sends new accounts during the month of March 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 March!
Good luck!!***



PAYMENT-IN-FULL

BY DAVID J. SAXTON

PRESIDENT, NORTH AMERICAN RECOVERY

If you ask a collector what his goal is when he makes a collection call he will say: "payment-in-full." It's a simple concept but difficult to accomplish. At North American Recovery we believe payment-in-full is the best way to collect.

Our philosophy of payment-in-full makes some debtors upset because they are accustomed to working with collection agencies that accept very small monthly payments in the \$5.00 to \$10.00 range. While we do make exceptions when necessary, we stick to the payment-in-full philosophy for the most part. Other agencies believe it's better to get *any* amount from a debtor—no matter how small—but we don't consider small monthly payments a success.

There are three main reasons we push for payment-in-full. First, if a debtor was truly serious about making monthly payments, they would have done so with your office, and we wouldn't have the account. Second, if they have room in their budget for a monthly payment, we work with them and give them time to obtain a loan and make payments to their bank, credit union or another lending institution. Third, and most importantly, even if a debtor eventually pays their bill in full with small payments, we actually lose money because of the extra time and effort spent on the account.

When we contact a debtor, the first thing we do is determine if the debtor *wants* to pay. This may sound strange, but if the debtor doesn't want to pay, no amount of talking will convince him or her to do so. Most debtors tell us they *do* want to pay, but if a debtor outright refuses, we have no choice but to send the account to our attorney and have him file a lawsuit.

When a debtor tells us he does want to pay, we begin the process of educating the debtor on two things:

1. Their account must be paid in full.
2. The options available to accomplish it.

We start by making sure they understand payment-in-full is what needs to happen. This comes as a bit of a shock for the debtor because, as I mentioned earlier, they are used to making small monthly payments to collection agencies.

Overcoming their presumption about payments is difficult because today's society is based on being able to make monthly payments. People have monthly rent or a monthly house payment, a monthly car payment, a monthly credit card payment, a monthly furniture store payment, etc. How-

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ever, once the debtor realizes that small monthly payments are not an option on *this* bill, we start making progress toward payment-in-full.

We do this by providing guidance and direction on exactly *how* they can round up enough money. The suggestions we give are based on each debtor's individual circumstances. Some debtors are homeowners and they can tap into their home equity. Most debtors don't realize this, or even if they do, they don't know how to go about getting the cash. So what we do is refer the debtor to a mortgage company that can help with a refinance or a line of credit.

Once the debtor has contacted the mortgage company, we require he make a small "token payment." This process helps us determine if the debtor is truly serious about paying, and if he makes the payment, we give him time to get the loan.

We keep tight reins on the debtor during the loan process, and if he stop responding we immediately go with legal action. If the debtor does everything the mortgage company tells him, he can usually have the money within 45 days.

If a debtor doesn't own property he still has several other resources. If his credit is good, he can get a signature loan. If his credit isn't up to par, he can enlist the help of a friend or relative as a co-signer. If he owns an automobile he can use it as collateral for a loan. And if he has a credit card, (and who doesn't these days?) he can use it to pay his bill.

Another option available to debtors is the short-term loan known as a "pay-day" or "post-dated check" loans. Here's how they work: If a debtor wants to borrow \$500.00, they would write a check for \$575.00 and post-date the check for 30 days. The loan company will then give the debtor \$500 cash—the debtor pays us—and the loan company deposits the debtor's check in a month.

Lastly, a debtor can ask his employer for an advance on his paycheck or borrow against his 401K (if he has one). If a debtor refuses to try all of the options listed above, we will go with legal action.

If, however, a debtor does explore every option but is still unable to get the money to pay-in-full, we will work with him. We do this by first determining how much we

would receive if we sued the debtor and garnished his wages. Once we have determined how much we would receive on a garnishment, we will agree to let the debtor pay that amount voluntarily.

We will accept this type of arrangement unless the debtor misses a payment or pays less than the agreed amount. If this happens, we pursue legal action. It makes more sense to utilize the legal process to guarantee payment instead of calling, sending letters, and hoping the debtor will start making payments again one day.

We make every effort to collect the full amount, and this philosophy ensures the best results for you, our client.

Thanks for reading and have a great month!

KIND WORDS

We are currently updating some of our website content and two of our collectors sent along the following testimonials about working here. We wanted to share them with our clients this month. Have a great month!

"North American Recovery is by-far the most amazing company I have ever worked for. The people I work with are great! The Management Team is awesome and will help you with whatever obstacles you may come across. Dave Saxton truly cares for his employees and is very understanding when unexpected things in life may arise. I am looking forward to working here for many years to come!!! 2 thumbs up!"

Monica G., Collector

"North American Recovery has been by far the BEST job I have ever had. I have grown as a person from being part of such a professional, friendly and positive environment. Management does everything needed—and more—to make sure we have all the tools we need to do our jobs. Dave and the entire management team are really helpful and they truly care about every single employee. It is a great feeling coming to work every day and loving the job I do. I am SO thankful to have the wonderful opportunity to join this company, and I'm looking forward to being here for many more years to come!! J

Christina S., Collector



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