



MY RIGHTS AS A DEBTOR

I Don't Have Enough Money To Pay All My Bills; What Should I Do?

First, you need to know the difference between secured and unsecured debts.



Secured Debts

If you have entered into an agreement to purchase a home, a vehicle or furniture and are making monthly payments, you have most likely given the seller or finance company a security interest in the item or items you are purchasing. The item or items are called collateral and the debt is secured.

Both you and the seller or finance company have certain rights. Once you make the final payment under the contract, you will own the property free and clear; you can continue to own it or you can sell it to someone else or give it away. If, however, you fail to make a payment for even one month, the seller or finance company can exercise their right to foreclose or repossess the collateral.

If you miss a payment and you wish to keep the property, you should call the individual or company to whom you are making payments right away. Explain what happened and exactly when you can make up the payments you have missed. If you don't wish to keep the home, vehicle or furniture or can't afford to keep making payments, you can expect the seller or finance company to take steps to recover the property. This may happen quickly or it may take months. And, even if the property is taken from you, you may still have a debt and the seller or finance company can try to collect money from you.

Unsecured Debts

If you owe money to a doctor, hospital, credit card company, cash advance lender or to a seller or finance

company after a repossession or foreclosure, these are unsecured debts. The creditors can take steps to get you to pay but they cannot come and take your property. They may call or write to ask you when you plan to take care of the debt; they may say that they will take you to court if you don't pay and they may threaten to garnish your wages or bank account.

You don't have to speak with a creditor who calls you!

Unsecured creditors cannot garnish your wages or your bank account until they have filed a court paper called a Warrant in Debt or a Motion for Judgement and had a hearing in front of a Judge. If you are served with either of these court papers, you do not have to appear in court but you probably want to get legal advice before the hearing.

Are Some Bills More Important To Pay Than Others?

Yes! Your house payment and car payment are very important to pay because the secured creditors have the right to take the property if you don't pay.

Your monthly rent and utilities are very important to pay because you and your family need a safe place to live. Your car insurance is important to pay because there are very large fines for driving without insurance.

This is legal information. If you want legal advice specific to your situation, you need to talk with an attorney. To find out if you are eligible for free legal advice or representation, you can contact Southwest Virginia Legal Aid at www.svlas.org or you can call toll free at 1-888-201-2772.