

How Judgment Recovery Works for You

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You (the plaintiff) brought a small claims or civil suit against a debtor (the defendant) and were awarded a judgment. You, as the judgment creditor (winner) have a right to judgment recovery from the judgment debtor (loser).

But, the judgment is merely a piece of paper filed in the courthouse. It is delivered to both you and the debtor. But the court completed it's job after deciding your case. It takes no enforcement action.

How do you enforce the judgment to ensure the judgment recovery is complete?

The first thing to do is to discuss payment with the debtor. Money judgment recovery payments are sometimes made on the day of the court hearing or over a period of time.

If you do not receive the money that you are owed, the court and court officials can assist you in several ways to complete the judgment recovery.

=== Judgment Recovery Through Public Sale ===

An "execution" allows a court officer to seize property belonging to the defendant which can be sold to pay your judgment. You are responsible for identifying the debtors personal property that can be used to help fulfill your judgment recovery. Court officials can seize these items and offer them at a public sale. Items such as office equipment (computers) and automobiles are typical items court officials can seize.

You can also file a petition with the court indicating the amount the debtor owes you and request the court to issue an order for discovery of assets. This order can be issued to anyone who has knowledge regarding the assets of the debtor.

=== Judgment Recovery Through Seizure of Bank Assets ===

You must determine where the debtor's savings or checking accounts are located and the account numbers, if possible. The court official can levy or freeze these accounts. Once frozen, you must then file a motion with the court for the funds to be turned over to you. Once this motion is granted, the court officer will deliver the order to the bank and the funds can be released to you.

If you are unable to locate the debtor's bank, you can obtain an information subpoena from the court that contains questions about the debtor's assets. You can then serve (deliver) the information subpoena to the debtor. The debtor must answer and return the information subpoena.

=== Judgment Recovery Through Wage Garnishment ===

A garnishment allows you to collect your judgment by garnishing the defendant's wages, bank accounts, or other sources such as income tax refunds. You must identify the debtor's place of employment and send a notice to the debtor requesting garnishment of wages. If the debtor agrees (or disagrees and the court so orders) a notice of wage execution is delivered to the employer by the court officer. The employer will withhold the specified amount and send it to the court officer who will then send it to you.

=== Interest on a Judgment Until Recovery is Complete ===

When you receive a money judgment you are normally entitled to add interest to the unpaid balance until the recovery is complete. The interest rate is typically set by the state legislature or the state's department of treasury. For example, in Michigan the interest rate defined by the Department of Treasury is "calculated from the date of filing the complaint at a rate of interest which is equal to 1% plus the average interest rate paid at auctions of 5-year United States treasury notes during the 6 months immediately preceding July 1 and January 1, as certified by the state treasurer, and compounded annually."

So, your unsatisfied judgment is probably becoming more valuable as it ages.

=== Problems With Completing Judgment Recovery ===

Debtors often try to evade attempts to collect judgments. There are standard tactics debtors use to elude collection such as:

- Hiding assets and bank accounts
- Fraudulent conveyance of assets

- Moving to another state
- Moving to another area within the same state
- Changing their name

Because most judgment creditors lack knowledge in tracking down the debtor, locating assets, and knowing how to collect, it is estimated that 80% of all judgments go uncollected. Most people understand that hiring an attorney at \$100 to \$200 an hour will quickly eat up their judgment award, so they do nothing.

You can, however, do everything necessary to collect your judgment award if you are willing to learn. There are judgment recovery courses in the \$100 to \$200 range, complete with online resources, that will teach you everything you need to know. Do a search for "judgment recovery" to find a number of sites offering these courses. Though they often advertise that you can make money helping others, you can also simply use the knowledge to recover your own money judgment. Bob Sherman is the owner of <http://www.bobshermancredit.com/> with information about credit, debt, wealth building, and other financial topics. His free ebook "How to Free Yourself From Credit Card Debt" is available on his site.