

Your customer has defaulted on payment...fortunately you filed a UCC.

# Now What?!

Any time your customer has defaulted on payments, it is strongly recommended you take immediate action to recover the funds.

The longer an account remains unpaid, the harder it becomes to collect!

## Serve a Demand Letter

A demand letter is a demand served upon your debtor, advising legal action may be taken if payment is not received within a specified time frame.

In the event the demand letter does not prompt payment, you may need to proceed with further legal action.

Your next course of action is dictated by the type of UCC you filed.

### PMSI

First, would you like your goods back?

#### NO!

Place your claim with an attorney to file suit. By filing suit, you may receive judgment, which allows you to garnish accounts and/or attach to assets.

#### YES!

If your customer has the goods, you have the right to repossess without disturbing the peace.

If you are unable to peacefully repossess the goods, you can file a temporary restraining order or file suit against your debtor.

Place the outstanding debt with a collection agency or file suit against your debtor.

### Blanket

## Did your customer file for bankruptcy protection?

Remember, the bankruptcy court freezes all debtor assets.

### Chapter 7 or 11?

If your customer files for Chapter 7, you should file a proof of claim regardless of the UCC type filed.

If your customer files for Chapter 11 & you filed a **PMSI...**

If your customer files for Chapter 11 & you filed a **Blanket...**

If you would like your goods back & the goods are at your customer's location, contact the Trustee to repossess.

File a secured proof of claim & monitor for distribution.

If the Trustee is uncooperative, you may need to take additional legal action.

Of course, as in any situation, it is in your best interest to seek legal advice and it is important to remember that a UCC filing is a remedy and not a cause of action in suit.

Do you need assistance with collection or suit efforts?



Contact our UCC experts now!

800.826.5256 | SecureYourTomorrow@NCScredit.com | NCScredit.com

This information is provided with the understanding that the publisher is not engaged in rendering legal advice. NCS recommends retaining an attorney for each case.