

COLLECTIONS



It's Not Rocket Science

Texas Office of Court Administration



- ★ State Agency
- ★ Created in 1977
- ★ Chief Justice - Texas Supreme Court
- ★ Provide Administrative & Technical Support
- ★ Serve Approximately 2,600 Courts (918 Municipal, 821 Justice of the Peace, 944 County & District) in the State
- ★ (512) 463-1625

PLAYERS IN THE PROCESS

- Court
- Enforcement
- Offender



Collections Matrix

- Agreement or Contract
- Default or Breach
- Confrontation
- Resolution



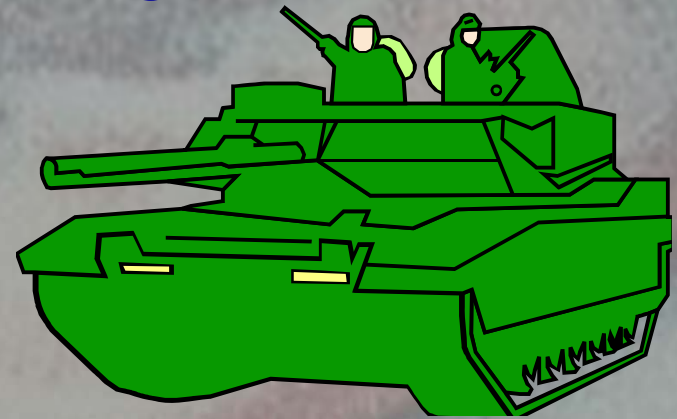
The Agreement

- Citation
- Oral Instructions
- Court Order
- Payment Agreement
- Do We Understand It?
- Does the Offender Understand It?
- Does the Offender Have the Ability to Comply?
- Is It Enforceable?



Enforcing the Agreement

- Information
- Knowledge of the Process - CONTROL
- The Authority to Enforce
- A Way to Enforce - CONTACT
- The Will to Enforce



Offender/Debtor Characteristics

- Approx. 68% under age 35
- Approx. 45% single, separated, divorced
- Approx. 23% female
- Approx. 40% racial minorities
- Approx. 4% not U.S. citizens

National Bureau of Justice Statistics



Offender/Debtor Profile

- The Angry Offender
- The Jerk Offender
- The Happy/Friendly Offender
- The Educated/Connected Offender
- The Crying Offender
- The Impatient Offender
- The Sick Offender
- The Slow Offender
- The Foreign Offender
- The Dangerous Offender



Reasons They Can Be Difficult

- They are tired or frustrated.
- They are confused or overwhelmed.
- They have never been in a similar situation.
- They are defending their ego or self-esteem.
- They feel ignored, nobody has listened to them.
- They may be under the influence of alcohol or drugs.
- They don't speak or understand the language very well.
- They have been treated poorly in similar circumstances in the past.
- They are in a bad mood.
- They have waited an extended period of time.



THE WALL

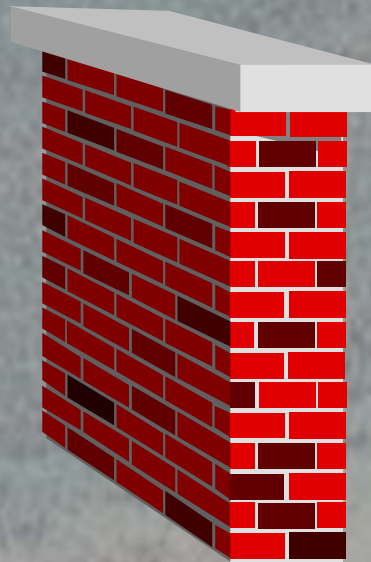
PETER

- Insurance
- Unsecured Debt
- Luxuries



PAUL

- Rent/Mortgage
- Auto
- Utilities
- Food



INSIDE THE OFFENDER'S HEAD

- Self-fulfillment (Don't Bother Me Now)
- Esteem (Do You Know Who I Am)
- Social (Will My Neighbors Find Out)
- Security (What About My Credit)
- Physical (Rent Is Due)

The Maslow Model

Selling the Solution

“The Negotiation”



- Understand your goal (jail costs everyone).
- Collections is selling the offender on the idea it is in his/her best interest to pay.
- Be as familiar as possible with the offender---his/her situation and needs.
- Be flexible, know your limits before you make contact.
- Be firm and professional, not rude, smart, or cute.
- Provide the offender with motive to cooperate.
- Understand the difference between an objection and a condition.

Several Causes of Delinquency

- 1) Circumstantial – These defendants are unable to handle their court costs, fees, and fines due to life issues such as recent loss of job, natural disaster, sickness, or personal injury.
- 2) Emotional – These defendants usually live above their means and income. “I want it – I deserve it on my terms.”

Delinquency Causes Continued

- 3) Intellectual – Defendants have the means to pay, but aren't good with finances/records. They may have no idea about their financial situation.
- 4) Criminal Intent – These defendants use fraud and deceit...never intending to pay. They know more about not paying than you know about collecting. “Come and get me!” This group represents about 5%-8% of our total caseload.

Objections

Conditions

- Objections- are nothing more than excuses in the defendant's mind that must be overcome.
- Conditions- are real reasons for nonpayment that actually exist.



The Resolution

- Determine the “Real Problem”
- Listen, But Don’t Empathize
- Evaluate & Analyze
- Consider Options & Alternatives
- Avoid Temporary Stop-Gap Measures
- Look for the Permanent Solution



The Three Defendant Appeals

There are three basic appeals when working with defendants. The appeal to payment should be an information statement, or a reminder statement, for the defendant. You may use:

- 1) Honesty (always the best policy)
- 2) Pride (works best for the 3 upper levels)
- 3) Anxiety (the hammer of arrest, or turn over to a secondary collection vendor/lowest 2 levels).

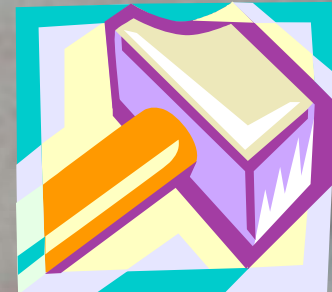
Resolution Review

- Identify the Offender
- Identify Yourself
- Request Full Payment
- Wait for a Response (Psychological Pause)
- Determine the Problem
- Determine the Solution
- Close the Deal
- Update the File



COLLECTION PROCESSES

- The Collections Application
- The Collections Interview
- Telephone Techniques
- Telephone Technology
- Effective Collections Notices
- Letter Processing Technology



THE APPLICATION

- Header
- Personal Information
- Income & Assets
- Obligations
- Declaration



HEADER

**Application For Extension of Time
For Payment of Court Costs, Fees, and Fines
(FOR OFFICE USE ONLY)**

Defendant _____ Fines, Fees, & Costs _____

Case No# _____ Interviewer _____

Court No# _____ Review Date _____

Attorney _____ Probation _____

How much are you prepared to pay today?



PERSONAL

NAME

Last _____ First _____ Middle _____ Nickname _____

STREET ADDRESS

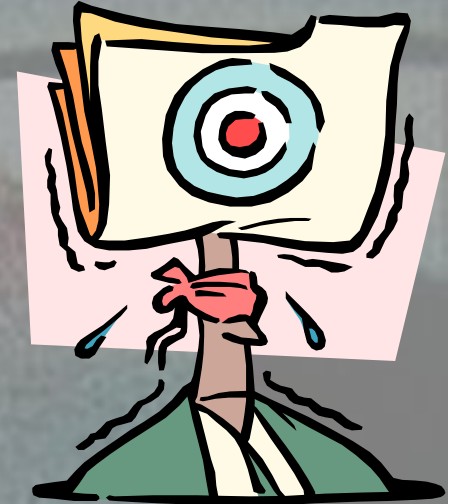
Street _____ Apt. _____ City _____ State _____ Zip _____

MAILING ADDRESS

P.O.Box or Street _____ Apt. _____ City _____ State _____ Zip _____

PHONE

(_____) _____ If no phone, please list a
number where/how can you be reached? (_____) _____.



VITALS

Race ____ Sex ____ Ht ____ Wt ____ Color Eyes ____ Color Hair ____

D-O-B ____ DL No#. ____ SS No#. ____ Married ____ Single ____

Separated __ Divorced __ Education __ (*Grade Level Completed*)

If Married, Spouse's Name: Last ____ First ____ Middle ____

Spouse's Address & Phone if different:

Street Address _____ City _____ State _____

Phone No. (____) _____



CONTACTS & REFERENCES

Nearest Living Relative **Not** Residing With You:

Relationship _____ Address _____ Phone No. (____) _____

List of Names, Addresses & Phone Numbers of Two (2) Personal
References **Not** Related to You:

Name _____ Address _____ City _____ State _____

Phone No. (____) _____

Relationship _____ Years Known _____

INCOME - ASSETS



Employer

Name ___ Address ___ Phone ___ Position ___ How Long? ___

Supervisor's Name ___ Pay Days _____

Take Home Pay \$ _____ Wk. _____ Month _____

Previous Employer

Name ___ Address ___ Phone ___ Position ___ From/To ___

Spouse's Employer

Name ___ Address ___ Phone ___ Position ___ How Long? ___

Supervisor's Name ___ Pay Days _____

Take Home Pay \$ _____ Wk. _____ Month _____

Please Check Any Other Sources of Income You Receive
and the Amount(s):

Welfare \$_____/Month

Medicaid \$_____/Month

Retirement \$_____/Month

Soc. Sec. \$_____/Month

UEB \$_____/Month

Disability \$_____/Month

Other _____ \$_____/Month

Bank Accounts

____ Checking At: _____ Balance: \$ _____

____ Savings At: _____ Balance: \$ _____

Automobiles

1. Year ___ Make _____ Model _____

2. Year ___ Make _____ Model _____

Do You Own a Home or Any Other Real Estate?

Yes _____ No _____ If yes, where? _____

OBLIGATIONS

Other Than Yourself, How Many People Do You Support?

Directly?

List All Your Creditors

*Mortgage Companies, Banks, Credit Card Accounts,
Finance Companies, Rent-To-Own Companies.*

Company Name

Balance Owing

Payment Amount(Wk./Mo.)

Monthly Expenses:

Rent/Mortgage \$___ Utilities \$___ Phone \$___ Food \$___

Ins. \$___ Child Care \$___ Alimony \$___ Other \$___

Please Check One Regarding Your Residence:

_____ Own Your Home Rent _____

_____ Live with Parents Other _____ *(Please Explain)*

Landlord:

Name _____ Street Address _____ City _____ State _____

Phone No. (____) _____



DECLARATION

Under penalty of perjury I hereby certify the foregoing as being a complete and accurate statement of my current financial condition. I authorize the _____ Office of _____ County/City, its employees or agents to conduct a complete and thorough investigation of my statement. I understand this investigation could include direct verifications of all information given and the obtaining of reports from credit reporting agencies. It is with this understanding and acknowledgment that I formally request an extension of time for payment of court costs, fees, and fine now due and payable to the County/City of _____.

Defendant's Signature: X _____

Officer's Signature: X _____

Comments: _____

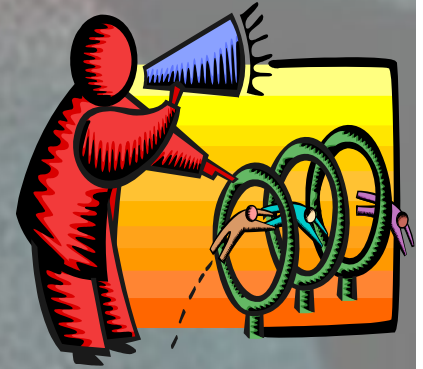
APPLICATION ISSUES

- Spotting a Problem Application
- Verifications
- Verification Problems
- Flat Refusals



INTERVIEW/CLOSING

- Establish Control
- Review Application
- Establish Eligibility
- Review Financial Condition & Establish Plan with Defendant
- Review Payment Procedure
- Review Defendant Responsibilities
- Conclusion



The Breach

- What is a breach or a default?
- When does breach or default occur?
- When do we react?
- How do we react?



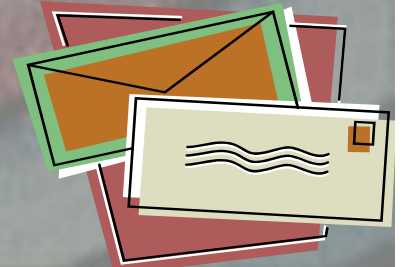
The Confrontation

- Letters
- Phone
- Face-to-Face
- Warrant
- Arrest



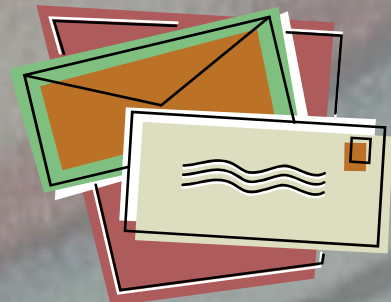
Letters & Notices

- Timely (within 24 to 72 hours of default)
- Identify (case number, court, etc.)
- Convey Official Authority
- Brief & to the Point
- Designed to Motivate (as well as inform)
(Responsibility & Consequences)
- Specify How Much, When, & Where To Pay
- Leave a Small Opening



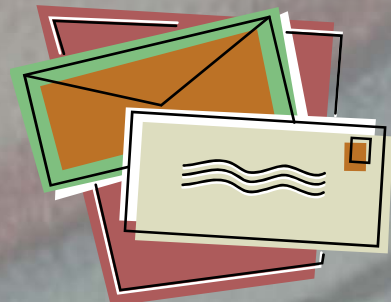
Types of Letters & Notices

- Pre-Payment Courtesy Notice
- First Notice of Default (FPD)
- Broken Promise
- Partial Pay Notice
- Intent to Cancel Agreement
- Notice of Cancellation of Agreement
- Pre-Warrant Notice
- Warrant Notice
- Post-Warrant & Other Remedies Notice



Postcards vs. Letters

- 3rd party collectors can NOT use them!
- Cost effective
- Increase efficiency
- Get noticed



TEXAS DEPARTMENT CRIMINAL JUSTICE

- **Post Cards TDCJ 250@\$15.00***
***Includes Setup & Delivery**
- TCI Hobby Unit Print Shop
742 FM 712
Marlin TX 76661-4685 Attn: Ruble Walker
Phone : 254-883-5561
- TCI Torres Unit Print Shop
125 Private Road 4303
Hondo, TX 78861 Attn: Wayne Wilkins
Phone: 830-426-5325

OFFICIAL NOTICE

City of New Braunfels Municipal Court

486 South Seguin Ave.

New Braunfels, Texas 78130

For Information, call

(830) 608-2100

PRE-WARRANT NOTICE

You have failed to appear as ordered to resolve an offense filed in

City of New Braunfels. You are in

VIOLATION OF THE LAW.

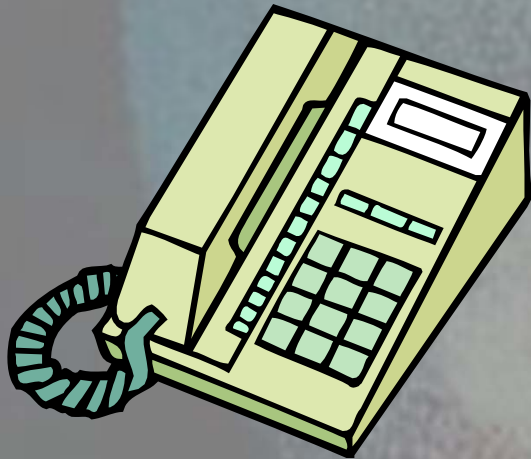
You must contact this office within 10 days of the date of this notice to resolve this matter or show cause why the court should not proceed with appropriate actions against you.

**Your failure to respond may result in a
WARRANT BEING ISSUED FOR YOUR ARREST
and restriction on renewal of driver's license**

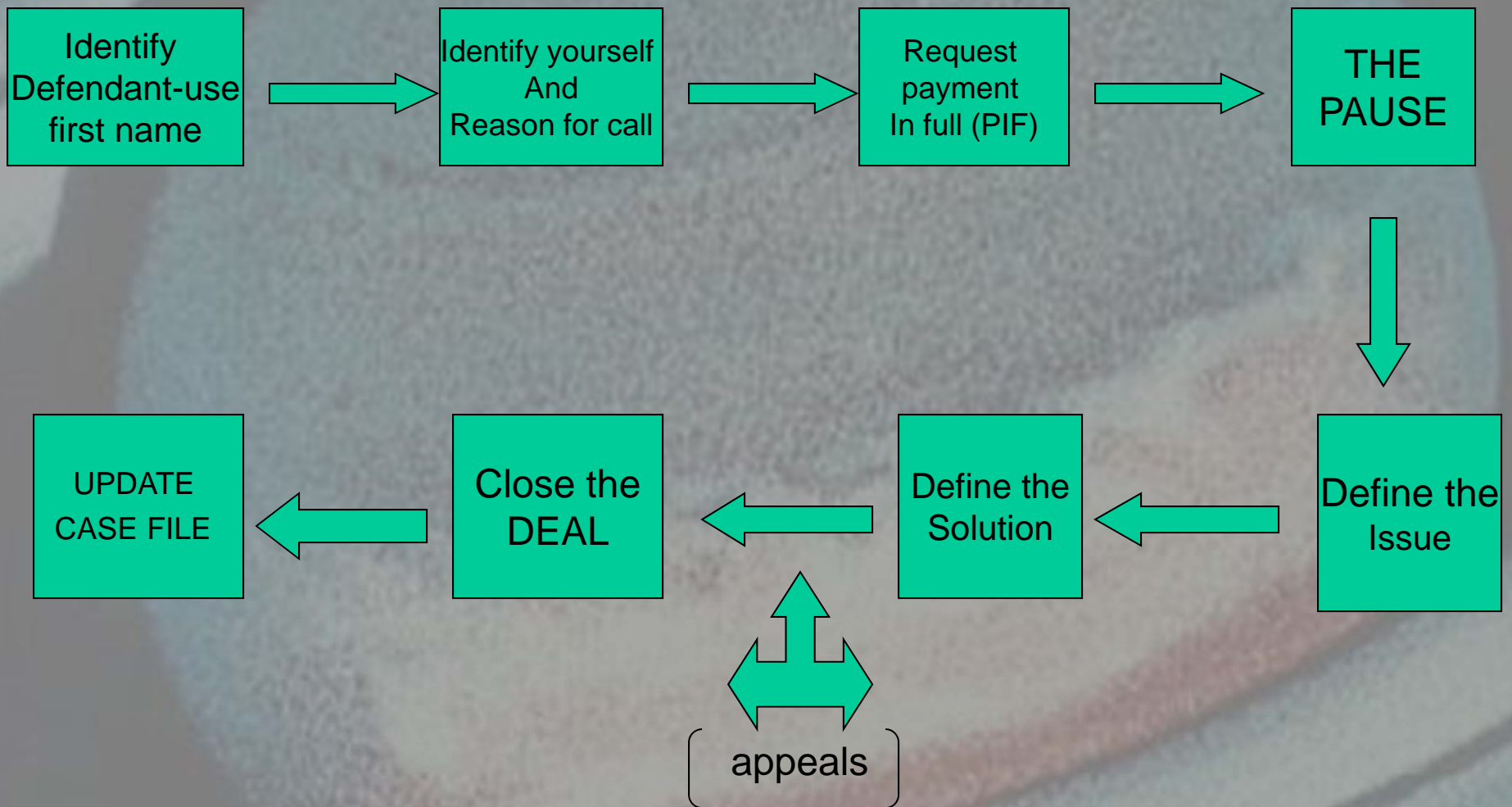
This notice is a courtesy and not required by law
We Accept Money Orders Only • No Checks Accepted

Phone & Face-to-Face Contact

- Identify
- Immediately Assume Role & Control
- Establish a Serious Tone
- Be Organized & Professional
- Listen, But Don't Empathize



The Eight-Step Telephone Collections Process



Phone Comments and Collection Situations

Maybe some of these sound familiar. See if you can place these into one of the four delinquency categories: (circumstantial, emotional, intellectual, or criminal intent)

- 1) Hopefully I can make the payment next month.
- 2) I will pay when I feel like it.
- 3) I don't have a job/ I just got laid off.

Comments Continued

- 4) I sent in the payment already, or it must have been lost in the mail.
- 5) He's not home/ He doesn't live here.
- 6) I have already paid that. I have sent in the paperwork or proof.
- 7) That person is deceased.
- 8) I can't pay the whole thing. Isn't something better than nothing?

Collections Scenario 1

FTA

- Original Amt: \$230
- Balance: \$225
- Amt Due: \$225
- Status: Defendant is 35 days beyond appearance date.
- Defendant sends in a money order for \$5, along with a note that says this is all she can afford.

Objection

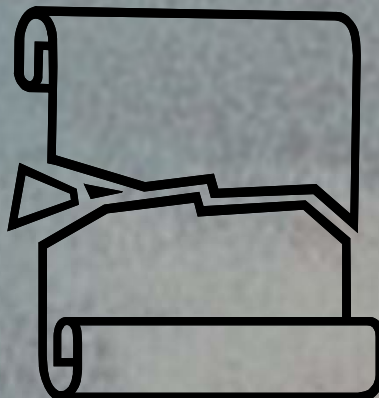
Condition



Collections Scenario 2

Pay Plan

- Original Amt: \$500
- Balance: \$500
- Amt Due: \$125
- Status: 10 days late
- You reach defendant at work. He tells you he couldn't pay this month, will catch up next month. Also tells you not to bother him at work "no more."



Objection

Condition

Collections Scenario 3

Pay Plan

- Original Amt: \$1000
- Balance: \$500
- Amt Due: \$250
- Status: It's Monday, payment is due on Friday.
- Defendant comes into office and says he's just started new job...can pay half on Friday.

Objection

Condition



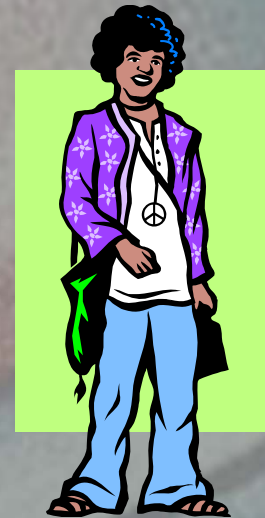
Collections Scenario 4

Pay Plan

- Original Amt: \$500
- Balance: \$500
- Amt Due: \$250
- Status: Defendant is a little more than 60 days past due.
- You reach defendant at his girlfriend's house in Little Rock, Arkansas. Says he's not working and can't pay anything.

Objection

Condition



Warrant & Arrest

- Trump Card
- Threat Often More Useful
- Last Possible Option
- Expensive
- Often Ineffective





ENFORCEMENT TOOLS

*DPS - Omnibase
Texas Administrative Code
Title 37 Chapter 15*

*Scoff Law - Registration Non-renewal
Transportation Code 502.185 County
702.003 Cities*

Tracing & Locating

- Basic Search Information
- Local Contacts & Connections
- Internet Programs
- Texas Workforce Commission



Information Needed for Searches

- Social Security Number
- Next of Kin of Defendants
- Place of Employment of Defendants
- List of Friends / Other Family



Local Contacts

- Credit Reports (<http://www.hartsoftware.com>)
 - SSN Trace
 - Credit Report (money)
- Water / Electric Company
- Telephone Company
 - Pager / Cell Phone / Internet
- Your County Clerk's Office
 - Birth Certificate
 - Marriage License
- Local Law Enforcement



Internet Programs

- Subscription Services
 - www.publicdata.com
 - www accurint.com
 - www.masterfiles.com
- Social Security Death Index Interactive Search
 - <http://ssdi.rootsweb.com/cgi-bin/ssdi.cgi>
- Internet Phone Books
 - www.555-1212.com
 - www.switchboard.com
 - Others: Google, Yahoo, MSN



Texas Workforce Commission

- Texas Workforce Commission
101 E 15th Street
Austin, Texas 78778-0001

Contact: David Summers

(512) 463-2423

david.summers@twc.state.tx.us



Thank You

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