



Understanding Judgments

After a creditor exhausts all voluntary means to collect money that is owed, they may choose to take a debtor to court. If the creditor wins the case, they get a judgment against the debtor. If the debtor does not appear in court, the creditor gets a default judgment.

A judgment is a public record that will appear on your credit report and lower your credit score. It may prevent you from getting credit or make it much more expensive. The amount of the judgment may be much more than the original amount of the debt. It may include court costs, attorney fees and interest. Depending on state law, judgments may be renewed—sometimes indefinitely.

Depending on state law, judgment creditors can go after your wages, bank deposits and property. In some states, you can be fired from your job if you have too many wage attachments.

Because of these serious and negative consequences, it is important to avoid getting judgments and to handle them properly if you have them.

There are legitimate defenses. You may not owe the money, the purchase may be defective, or the creditor may have violated some procedure or law, which makes it impossible for the creditor to get a judgment. If you go to court, you should be prepared. There are many books that will explain the process. Going to court may also allow you to work out a payment plan with an otherwise difficult creditor.

Going to court is a last resort. You should always try to make a reasonable payment arrangement to avoid legal action. If you can't work something out, contact Navicore Solutions for help. A credit counseling agency, such as ours, can sometimes arrange a payment or discuss other options with you.

This brochure is meant as an overview and is for general information purposes only. Please call us if you need further assistance.



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