

Understand Your Legal Issue



Solve Your Legal Problem

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Consumer Affairs: Tips on Being an Informed Senior Consumer

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Consumer Debt Tips

- You cannot go to jail for not paying a consumer debt.
- You have rights as a debtor under both State and Federal law.
- You can get a free copy of your credit report every year at www.annualcreditreport.com. Check it to make sure your credit report is right.
- If you find something you are not responsible for, report it to the credit reporting agency that sent you the report so they can investigate. If a creditor contacts you about paying a debt and you are not sure whether this is your debt, you should timely ask the creditor to give you written proof.
- A creditor might sue you to get an order from the court that says you owe the money. You have the right to defend yourself if you can prove you do not owe the debt. If you cannot prove that you do not owe money to the creditor, the creditor can get a court order stating you owe the debt. With that order the creditor can take additional steps to make you pay.
- If you owe money to another, you can still protect certain types of income (ex. Social Security, SSI and most qualified pensions) and assets (ex. your home, a car up to a certain value) from being used to pay off your debt. These resources are considered to be exempt from collection.
- You should not mix resources that creditors can't touch with resources that are not protected.
- A judgment creditor may try to take money from your account even if the account only has exempt income. They have the right to do this without notice to you and then YOU must prove they do not have the right to touch it. If this happens you will have the chance to fill out a form called a "Claim of Exemption" to prove that the creditor cannot touch this money to pay off the debt.
- It is also possible that a creditor may try to take money from your account if you do not pay him if you agreed in your original contract to allow "crosscollateralization", which is giving permission to the creditor to take money from another account when you miss payments. This often happens when the credit account is with the same bank where you keep your

money.

- Sometimes when you sign a contract for credit, the agreement allows the creditor to take back the items you bought from him to pay off your debt if you don't make your payments. If you sign a contract that allows for this, the creditor has a "security interest" in the items you buy.
- If you enter an agreement with a creditor to pay off a debt, make sure the agreement is in writing. Talk with an attorney before you enter into the agreement. You may not have to make payments if your income and assets are exempt. Signing an agreement can extend the period in which a creditor could sue you. Know what you can afford to pay and don't agree to pay any more than that amount.
- It is almost never a good idea to refinance your home to pay off credit card debt. If the original credit contract doesn't allow the creditor to take a "security interest" in the things you buy, most consumer debt is "unsecured". But if you take a mortgage on your home to pay off credit card debt and then you can't make these payments, you may lose your home.
- Do not agree or sign a written document waiving your rights to exempt your assets or income.

Tips for Contracts

- If you don't agree with all the terms, ask for changes before you sign it.
- Never sign a contract if part of your agreement is missing.
- Once you sign a contract you are responsible to do all the things you agreed to do in the contract. Any promises made but not written into the contract usually cannot be enforced.
- Most contracts do not have a "cooling off" period.
- If you do not understand what the contract says or what you are agreeing to, ask someone – like a friend, relative or preferably an attorney - to review it for you before you sign it.
- Take your time when making a major purchase like a car or mobile home. Don't let sales people pressure you into making a quick decision!
- Your strongest power as a consumer is to walk away from a deal.
- Always hire a licensed/bonded/insured contractor and call the state/county to verify a license

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Links:

[Tips on Being an Informed Senior Consumer](#)

[Free Credit Report](#)

[Verify a contractors license](#)

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