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NEWS FOR OREGON'S COLLECTORS AND CREDITORS : Spring 2018

Ask the Collector: "What is still owed post-bankruptcy?"

Will a consumer owe anything after they file for bankruptcy?

Although more than a million Americans file bankruptcy annually, there is considerable confusion on what it is and what it means to the consumer and creditors alike. Not a week goes by when we don't get a few questions from our clients about something bankruptcy-related. One of our staff members recently took questions about what types of debt are NOT discharged in bankruptcy. Let's consider this topic! First, what does "discharge" mean? When a person files for bankruptcy protection, creditors are prohibited (or 'stayed') from taking most actions to collect their debt or repossess collateral. Once the bankruptcy court has approved the plan and



everything runs its course as prescribed (about 120 days for a chapter 7 case, 3-6 years for a chapter 13 case), the judge will grant a "discharge" of the debts. This means the consumer is not obligated to pay certain debts, and it's "as if the debt were never incurred". Creditors cannot try to collect debts that have been discharged in a bankruptcy filing. Once discharge is granted, the consumer and creditors are notified by the court. Page 2 of this notice lists several debts which are NOT discharged in a bankruptcy proceeding.

a) debts for most taxes b) debts for most domestic support obligations c) debts for most student loans d) debts for most fines, penalties, criminal restitution obligations e) debts for personal injury or death caused by the debtor's operation of a motor vehicle f) some debts which were not properly listed by the debtor g) debts the court specifically has decided are not discharged h) debts which the debtor has given up the discharge protections by signing reaffirmations agreements with the court.

A consumer can file for bankruptcy and still have quite a number of debts they will be obligated to pay. This can be a very complex area to navigate, so be sure to seek good legal counsel when working with federal bankruptcy courts, lawyers, and consumers who file for bankruptcy protection.

Our Mission:

"Betterment"

Our Values:

- Respect People
- Exceed Expectations
- Be a Great Neighbor
- Maximize our Client's ROI

Three locations in Oregon:

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Southern Staff Gave BIG in 2017!

Year after year our people continue to prove one of our Core Values; "Be a Great Neighbor"! 2017 was no exception as Southern employees and owners raised and contributed over **\$43,000 and more than 300 volunteer hours** to local charities and non-profit organizations! Not too bad considering we have about 30 people working at our company. Some of the beneficiaries of our charity in 2017 were:

Providence Festival of Trees—Rogue Community College Scholarship Foundation -American Foundation of Suicide Prevention—Arthritis Foundation—Boy Scouts of America—Roseburg Chamber of Commerce—Junior Achievement of Southern Oregon—Craterian Theater—Medford Parks—Children's Miracle Network

And many more! We are proud to participate in our communities and give back to great organizations who do important and good work. We are proud to Be a Great Neighbor!

Oregon HB2398 Requires All Health Care Providers to "Scrub" For OHP Prior to Collections

A new law requires all Oregon health care providers to hold any debt for at least 90 days before assigning to a debt collector if the patient was eligible or had applied for coverage at the time of service, and must again verify coverage (or lack thereof) prior to assigning the account to a debt collector. Exceptions are allowed for co-payments or other charges authorized to be owed by the patient.

This new law is intended to "protect" OHP recipients from collection action when they had coverage from OHP for their debt. As a practical matter, all health care providers are already



checking for OHP coverage for their patients, and no one wants to send an OHP covered person to collections, and we don't want to accept an account where OHP is liable for the debt. Be sure you are checking for OHP prior to sending to collections, be sure the account is at least 90 days from date-of-last-service prior to sending to collections, and check one more time before sending to collections if they have coverage for your service.

Southern has a Medicaid scrub vendor already in place and we can verify coverage for any patient who claims to have had it for your services, within the last 13 months.

Southern maintains an A+ rating with BBB! As a member of the northwest regions BBB we work to resolve consumer issues quickly and productively, always responding to each BBB filing.



SOUTHERN
Oregon Credit Service

Do you sell to other businesses? Southern knows how to collect your debts too! Advertising, wholesale, contractors, and other B2B sales - we have the expertise to collect your debts.

Southern is in the top 3% of collection companies in the U.S.! Since 2008, our firm has been certified as a Professional Practices Management Systems (PPMS) agency by ACA International. Less than 3% of all collection companies have earned this certification. This Compliance Management System was created with a combination of the SAS70 accounting compliance certification plus the SIGMA-6 Continuous Improvement program created by Motorola in the 1980's. Add in our A+ rating from the BBB and you can see that Southern is truly at the very pinnacle of the industry for compliance, security, and service!



Ask the Collector: "What happens if someone writes "Paid in Full" in the check memo line?"

This is a question we get on a regular basis.

The short answer is: you can ignore anything someone writes on a check or other payment instrument if it does not pay the balance. ORS 73.0311 deals directly with Accord and Satisfaction and clearly states the negotiation and writing of something similar to "Paid in Full" on a payment instrument is not binding on the creditor UNLESS someone in authority with the creditor agrees *in writing* to accept the amount as settlement of the debt.



Oregon has had this law for a very long time, but a number of years ago the Legislature reversed this law, then two years later put it back in this form. Other states have different rules as it pertains to accord and satisfaction, so there can be some confusion around this topic.

If you receive a check with something written on it attempting to settle the debt for the amount of the check, you can deposit the check and then send a statement asking for the remaining balance to be paid and you shouldn't have any issues collecting the difference! You can find more Ask the Collector answers at

www.socredit.com/blog

Help Us Stay Out of Legal Trouble

Pressure has been growing in our industry that has created an environment in our industry that requires more documentation, more proof of debt, and more confirmation of ownership of a debt. This has led to skyrocketing requests for documents from our clients. This has led to at least one very troubling problem we'd like your help in addressing.

Consumers have the ability to dispute a debt at any time and demand documentation, or proof of debt, from a debt collector. It doesn't matter that the original creditor (your office) has already provided it many times. If they request from a debt collector (our office) we need to demonstrate validity of the debt. Some consumers request proof of debt because they genuinely do not believe they owe the balance due in part or whole. But many consumers request documentation as part of a stall tactic, attempt to get an account removed from their credit report, or just to see if you can actually produce the documents. *(continued page 4>>)*

Update on Southern's New Credit Reporting Policy

At the ACA International Convention in Seattle July 2017, a session presenting three representatives from the credit reporting industry made a compelling case to report paid debts. The following day, two lawyers made a more compelling case to delete paid accounts from consumer credit reports. Our contracts with the CRA's prohibit "credit bartering", that is: telling a person we will delete the account from their credit report if they pay the bill. That said, there are multiple legal reasons now for us to report a paid account as PAID, then ask the CRA's to delete the trade line.



We want to be able to update the credit record correctly, to the benefit of the consumer. Then we are able to remove

the paid trade line item since it is no longer "in collection". Our policy will encompass all debts except those where our clients are also reporting to the CRA's.

We believe this policy will cut down significantly on complaints and disputes over paid accounts, as our records indicate 54% of the online disputes we receive are for paid accounts. We can also see the trends created by the CRA's that this debt is no longer valuable to them to maintain on a credit report.

After five months of having this policy in place, we have seen online disputes fall more than 60%! We hope this policy is beneficial for all consumers who pay their debts as well as all creditors who are not having to deal with arguments over paid accounts on a consumer report.

Southern's Anniversaries for Second half 2017

Linda Collins, Operations Manager—35 Years
 Cheryl Kubik, Legal Dept. Manager—29 Years
 Gene Obie, Collections Supervisor—24 Years
 Valerie Browns, Collector—17 years
 Justin Watkins, Q/A Director—16 Years
 Amanda Knox, Collector—6 Years
 Kim Gaither, Collector—5 Years
 Carmen Vizcarra, Account Coordinator—1 Year

Legal Trouble—continued from page 3

Debt repair clinics, consumer advocates, and the federal and state governments all have websites encouraging consumers to request documents from debt collectors as part and parcel of everyday routines knowing that in some cases the documents will not be produced and the debt will have to be forgiven. In the case of credit reporting, we have 30 days to respond to a dispute before the trade-line will be removed.

One area that can become a real concern is when our clients send in the documents we are requesting, but it appears to be a new placement for collection. What we really need from your office is to receive the cover letter we sent coming back to us to identify the documents as requested, and not a new account to be listed for collection. Also, different departments request documents for different reasons (Legal may need something for a hearing; Q/A may need it for credit reporting, etc.) and receiving the cover letter will get your docs to the correct people quickly. If your office submits new accounts and documents over our Client Web Portal, it is critical that the subsequent documents be marked as "SUPPORTING DOCUMENTS" so we can identify them and not enter duplicate accounts. We do not want to send duplicate collection notices, or notices with incorrect balances. If you have any questions about this process, please feel free to contact our office.

