



Collection Tip: Payment Plan Negotiations

Before a call to your delinquent member is finished, it is essential to get a firm commitment on a re-payment plan. Here is a key ingredient in negotiating a payment plan.

The Secret is Taking Control

For the sake of discussion, it is assumed that the member has a legitimate reason to want to set up an arrangement for payments on their debt.

You won't want to lose control by starting on the wrong foot and negotiating against yourself: "Mr. Jones, I can appreciate the fact that you can't pay the full amount now. But can you pay half now and half later?"

One simple rule in negotiating is to continue fact finding by asking other probing questions, such as: "How short of the full amount are you?" The point is to extract from the debtor the amount he claims to be capable of paying. If you give him a figure, you've lost control of the situation. Also, be aware that, no matter what figure or term he may offer, you can take for granted that it's understated.

Once the member lays his cards on the table, you can make it clear that you're not a banker offering loan terms. If he wants to make payments, he must meet you at least half way with a firm plan to repay the remaining outstanding balance. By drawing the member into further conversation, you've put yourself in a position to either obtain a shorter term or possibly improve the status of the debt with a more favorable alternative. And that's good negotiating.

Once you reach an agreement with the debtor, always re-confirm payment arrangements verbally and in writing.

And, remember never negotiate against yourself.

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