

UMC'S Attorney Forwarding Service

When UMC is unable to collect an account, we usually forward the account on to an attorney in the area where the debtor is located. We use attorneys that specialize in commercial collections. They are recommended to us initially by various law lists that also bond the attorneys to insure that funds collected by the attorneys will be remitted to you. Currently we utilize over 2,500 attorneys throughout the world and we constantly evaluate them to insure you get the best possible representation.

Placing an account with an attorney does not mean we are automatically going to sue your customer, nor does it obligate you to pay any additional costs or fees. The attorneys' commissions are contingent upon recovery and are paid out of the commissions you have agreed to pay UMC. Fees are required on a non-contingent basis only if you decide to file suit. At first, the attorney will attempt to collect your account amicably. If unsuccessful, he may recommend suit. Assuming he does, you will receive a letter telling you why he feels suit is advisable and spelling out the required fees, etc. You have the option of advancing the fees or not. Should you choose not to sue, we will probably recommend the account be charged off.

When suit is filed, there are three sets of "fees" involved. *First* are the *commissions* you have agreed to pay UMC, most of which now go to the attorney. *Secondly*, there are "court costs" that cover the actual filing fees, costs of serving the suit papers on the debtor, etc. These "court costs" are added on to the judgment and hopefully recovered from the debtor. They usually run from \$100 to \$400 and they are always required up front. *Lastly*, there are "suit fees", which are the attorney's fees for the special handling required to file the suit, follow it through the court systems, etc. Suit fees are normally 10% and some portion may be required on a non-contingent basis. Keep in mind that filing suit is no guarantee of collection. Additional "court cost" may be required to file garnishments on bank accounts, general execution or levies. Any judgment you obtain will be filed in the local courthouse creating a lien against any property owned by the judgment debtor and adversely affecting their credit rating.

The process of filing suit requires that debtor be served with suit papers. That step alone usually brings the matter to a head. Once served, the debtor is faced with a decision. It is in his best interest to resolve this matter as swiftly as possible. His options are to pay the balance, negotiate a settlement or payment plan, allow a summary or default judgment to be entered against him, or file an answer and/or a counter suit. Unfortunately, he can file an answer and/or a counter suit without a legitimate reason and the mere act of filing a "general denial" means that a hearing will be held and you will be required to send an employee of your firm to appear and testify. If a counter suit is filed, you will be required to hire an attorney on an hourly fee basis to respond to the counter suit. Fortunately that seldom happens, but you should be aware of the possibility.

United Mercantile Company
4074 Mt. Royal Blvd, Suite 202
Allison Park, PA 15101

Phone 412 487-2200 Toll Free 800.541.3833 Fax 888 285-4126 Email umc@umccollects.com

