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## Quick Facts on Debt Collection, Judgments, Garnishment and Repossession

**Debt collectors** may contact you to recover money that is owed.

- Collectors can charge a late fee, report to credit bureaus, call you, send you a letter, sue you, and repossess items you borrowed.

A **judgment** is a court decision mandating payment of debt or requiring surrender of property.

- A creditor must have a judgment to legally garnish or repossess your property. The exception, based on Wisconsin state law, is for vehicles. No judgment is needed to repossess vehicles.

A **garnishment** is when a court judgment takes money from a paycheck or bank account. The garnishment process is as follows:

- A creditor files a request for garnishment with the court.
- A notice is issued to your employer and/or bank.
- Generally, no more than 20% of your earnings may be garnished.
  - Your earnings may be exempt if your income is below the federal poverty level, you receive public benefits, or at least 25% of your earnings are for child support payments.

A **repossession** happens when you fall behind on payments for an item, such as a car or rent-to-own purchase, and the creditor repossesses the item.

- Before repossession, a “Notice of Right to Cure Default” is sent to you listing the amount due.
- You have 15 days to pay the debt, or a legal action may begin.
- Repossession of a vehicle does not require a court judgment unless you object within 15 days.
- After the item is repossessed, you may owe any remaining loan balance.

If you are having trouble with debt collectors, utility shut-offs, payday or car title loans, mortgage foreclosure or are thinking about bankruptcy please consider contacting the following resources:

**Legal Action of Wisconsin** provides free legal assistance to low-income individuals in 39 southern Wisconsin counties and to farmworkers in all 72 Wisconsin counties. More information is available at <https://www.legalaction.org/services/reentry-legal-services-program>

**Judicare Legal Aid** (formerly Wisconsin Judicare) serves the northern 33 counties providing legal representation to individuals with low incomes. More information is available at [http://www.judicare.org/Content/Get\\_Help.cfm](http://www.judicare.org/Content/Get_Help.cfm)