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The Addition of Collection Fees

There is much confusion related to the addition of collection fees. Below are some frequently asked questions to clear up the confusion. If you ever have any questions, please contact your account representative or our client care team.

- Collection fees are acceptable to add in MOST States* as long as your contract with your customer specifically allows for the addition of collection fees in the event of default.
- Utah limits the fee you can add and requires that you add only what you are charged by your agency. Case history in most other States seems to mirror the Utah law and prohibit adding more than you are actually charged.
- Collection fees should be added by the creditor prior to placement with the agency. The entire amount placed is considered your "principle" balance. This means you will be charged commission on the entire amount placed. For example, if you have a debt that is \$100.00 and your agency fee is 25%, you would assign the debt for \$125.00. Your agency will charge you the 25% on the entire \$125.00, meaning that you will NOT get back 100% of your original debt amount. You would actually get back \$93.75. There has been confusion before with creditors having the understanding that the agency collects the entire principle amount and remits it to the client while then retaining 100% of the collection fee. This is not the case, the agency charges commission on the entire amount placed.
- In some cases when an account is taken to Court judges will refuse to award collection fees.

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