

Not All Types of Debts Are Created Equal

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<http://azdebtcollectionlaw.com/>

Secured and unsecured debts are very different, even though both types represent money owed. Both secured and unsecured debts can result from express, written contracts, or from oral agreements, although a secured debt should be evidenced by a written security agreement. Likewise, both secured and unsecured debts may be reported to a credit bureau.

The primary difference between secured and unsecured debts is the level of risk to the lender. While secured debts are backed or secured by property, also known as collateral or security, unsecured debts are not backed by any collateral.

Car loans and home mortgages are common secured debts among consumers. The loans are considered less risky for the lender, because if a debtor stops making payments, the creditor may elect to take the collateral and sell it to recoup the money owed. Lenders who choose to repossess collateral must be in strict accordance with laws governing repossessions and foreclosures.

Alternatively, unsecured debts are not backed by property. Most credit cards represent unsecured debts, as do debts related to medical services. In order to recoup the money owed in the event of default, a creditor may have no alternative but to seek a judgment against the borrower. After obtaining a judgment, a creditor may be able to execute the judgment against the debtor's wages, bank account, or other property according to the laws of the state where the judgment was issued.

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About Seidberg Law

If you need help collecting delinquent accounts from debtors in Arizona, contact the attorneys at [Seidberg Law](#), a professional debt collection law firm.

Unlike a "collection agency", a professional debt collection law firm will work both in and out of the court system to help collect money owed. Centrally located in Phoenix, Arizona, [Seidberg Law](#) can help recover delinquent debts from debtors throughout Arizona. Call Seidberg Law today at (623) 258-4397 or visit us online at www.seidberglaw.com.