

What's the Risk? The Difference Between Secured and Unsecured Debt

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<http://azdebtcollectionlaw.com/>

Debt is debt, but secured versus unsecured debts have one major difference: Risk.

Both types of debt represent money owed to another person or business. For a debtor, both types of debt appear on [credit reports](#) and have similar weight.

From a risk assessment perspective, however, secured debt represents a smaller risk to the creditor. Secured debts are backed or 'secured' by property, known as collateral or security. Most consumers have had a [car loan](#) or home mortgage. Both are examples of secured debt, because the debts are secured by the car or home.

Secured loans represent less risk for creditors because a creditor can take legal action if necessary to recover property securing a debt. The creditor will usually be allowed to sell the property to recoup the money owed on the debt. The legal aspects of repossessing and selling collateral vary by jurisdiction, and any action of the creditor must be in strict accordance with the laws governing repossessions and [foreclosures](#).

Unsecured debts, on the other hand, are not backed by property. Credit cards and medical services are common types of unsecured debt. If a debtor stops paying unsecured debt payments and refuses to cooperate with a creditor or his representative, then the creditor may take steps to obtain a legal judgment. Armed with a judgment, a creditor may seek to garnish a debtor's wages, levy his bank account, or place a lien on other property of the debtor, depending on the applicable law.

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About Seidberg Law

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. At [Seidberg Law](#), we will first exhaust all non-judicial means to encourage delinquent customers to pay. If that doesn't work, we can engage the legal process to seek payment of unpaid accounts.

Don't let outstanding debt bankrupt your business. Call the professional debt collection attorneys at [Seidberg Law](#) for help. 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.

