Submit a 250 word response to the following:

1. Explain how the laws discussed in this unit are intended to protect:

a) Creditors

b) Debtors

2. Which student(s) had the best response to the discussion questions? Explain or give examples.

3. Which student(s) would you rate the lowest for the discussion? Why?

**[Valeria Torres](https://rsccd.instructure.com/courses/9881/users/17828)**

Tuesday

Dec 5 at 4:17pm

Manage Discussion Entry

 #1

1. Debtor: A person having an interest in collateral other than a security interest or lien, a seller of accounts, chattel paper, payment intangibles, promissory notes, or consignee. Usually owes a performance, obligation, pay a claim or demand on a due date to the creditor.Creditor: A person to who sells goods or lends money in which a debt is owed by the debtor.

Lien: Formed when a debtor use assets as collateral to gain something from the creditor.

Consensual liens us personal property and real property (property) as collateral

Mechanics lien is non-possessory on real estate for labor/ services

Artisan’s lien is a possessory lien on personal property for labor done on the property

Innkeeper’s lien is used on baggage at an unpaid hotel

Judicial liens are court-ordered seizure/ sale of property

2. Creditors have the right to sue the debtor for the goods sold or amount owed. They‘re allowed to reposes or foreclose on the collateral. Once the collateral is repossessed, they have the option to keep or sale the collateral to regain value. However, creditors must be careful as to how they contact the debtor. For example, they cannot get use abusive, forceful manners to regain goods or debt owed. To collect unsecured debt the creditor may go through the FDCPA to ensure compliance. If debtor cannot or refuses to pay, creditor may seek wage garnishment (except in Texas) or request a bank debit from debtor’s bank accounts. Last option would be litigation.

3. The Fair Debt Collector act was created to assist debtors when they cannot pay the creditor, it was designed to protect the debtor from unfair practices however it does not alleviate them from repaying. This act only covers personal, family and household debts. This act also protects the debtor from harassment, physical harm, public humiliation, disclosing or reaching out to family members to collect debt, or send a post card as form of communication.

4. Bankruptcy is federal court proceeding that was created to help consumers and businesses get rid of their debts to pay their creditors. The 8 chapters of bankruptcy would be: 1, 3, 5- General provisions & provisions covering administration, creditors, debtors, and estates. 7- liquidation proceedings, 9- adjustments of debts of a municipality, 11- reorganizations, 12- adjustments of debts of family farmers w/ regular incomes, 13- adjustments of debts of individuals w/ regular incomes. Not everybody is eligible to file for Chapter 7 if you make enough money to repay under Chapter 13

A: Secured Creditor: The creditor may seek foreclosing on a home if the debtor defaults in the loan. Creditor may resale the property to gain debt owed. Depending if there are any liens on the property some creditors may be first or second. For example, if the primary mortgage is with Chase and the mortgage loan has a value of $100k and there’s a Home Equity line of credit with Citibank at a balance of $40k and the debtor files for bankruptcy Chase would get paid for first and Citi would be second.

B: Unsecured Creditor: this would affect the creditor because if the debtor would default there would be no collateral for the creditor to obtain, losing out on any form of repayment.

post#2

**[Russell L Malone](https://rsccd.instructure.com/courses/9881/users/52180)**

Wednesday

Dec 6 at 10:50pm

Manage Discussion Entry

 **1 Define the following terms:**

 ◦ Debtor - an individual or enterprise that owes money to another party.

 ◦ Creditor - a person or company for whom money is owed.

 ◦ Lien - the right to keep possession of a property until a debt is paid.

 **2 Explain what laws are intended to protect Creditors.  Give specific examples.**

The creditor laws are intended to keep the creditors out of debt and from going into bankruptcy.  These laws include liens (consensual, statutory, or judicial), composition agreements and ABC’s, and suretyship.  Examples include: personal and real property as collateral, mechanic’s lien, and garnishment,

 **3 Explain what laws are intended to protect debtors.  Give specific examples.**

The Fair Debt Collection Practices Act, the Truth and Lending Act for Consumers, and the Federal Trade Commission are all laws intended to protect debtors. Exemptions (federal & state) - homestead and personal property and Holder in Due Course fall under this realm.  Trustee’s Power, Voidable Rights, Preferences,

 **4 Explain the concept of Bankruptcy.  What effect does a debtor going into Bankruptcy have on a:**Bankruptcy code has 8 chapters**.** There are various types of bankruptcy reliefs.  These include chapter 11-13.  Bankruptcy is defined as a debt that cannot be repaid but there are options available to help the debtor get back on track..  There is voluntary (court issues order of relief) and involuntary (debtor does not have to be insolvent) bankruptcy.

 **5 Secured Creditor-** holds a security interest in the property that serves as collateral for debt.

 **6 Unsecured Creditor-** does not have a security interest in collateral.

#3

**[Candace L Nano](https://rsccd.instructure.com/courses/9881/users/5949)**

Wednesday

Dec 6 at 10:56pm

Manage Discussion Entry

 **1 Debtor:** a debtor is someone who is in debt or under financial obligation to someone else (opposite from a creditor)

**Creditor:** a creditor is a person or a firm to whom money is due (opposite from a debtor)

**Lien:** a lien is the legal claim of one person upon the property of another person to secure the payment of debt or the satisfaction of an obligation

 2 The equal credit opportunity act is a federal law that requires lenders and other creditors to make credit equality available no matter what your race, gender, religion, age, etc. Under this law a lender can only judge things like future earnings and credit records. The fair credit reporting act regulates the disclosure of consumer credit reports by crediting these reporting agencies. It requires the agencies to investigate disputed items in credit reports and has rules for fixing mistakes in the credit reports. For example a garnishment could be used to receive some of the debtors debt.

3. The fair debt collectors act protects debtors against unlawful creditors. For example a collection agency can't force you to paid a debt you do not acknowledge.

4. Bankruptcy is when a person of business is unable to pay outstanding debts.

a. after bankruptcy a creditor becomes halted from collecting any debt or possessions of the debtor

b. a sheriff can take your property and they then have an involuntary lein