



# Tips for the Commercial Creditor

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## Don't Lose Interest In or On Your Collection Matters

There may be many reasons you do not take action to sue a customer who has failed to pay your invoices. Maybe you have a long-term relationship that you don't want to sour, or maybe you do not want to dedicate the resources necessary to undertake a collection matter in court. As a result, you may feel it is not worth your while and you may lose interest in pursuing the debt.

Just remember, when you lose interest in collecting, you are actually losing interest on the debt. By that I mean actual interest. Like the interest you pay on a loan. When you do not collect money from a debtor, and they have not signed a credit agreement allowing you to collect interest on overdue payments, you are actually giving them an interest free loan. The law recognizes this inequity and provides a solution.

In Illinois, judgments recovered in any court on a commercial debt incur interest at the rate of 9% per year from

the date of the judgment until satisfied, and consumer debt judgments of \$25,000 or less draw interest from the date of the judgment until satisfied at the rate of 5% per year.

In other words, once you have sued a debtor and obtained a judgment against them, the law will impose interest on that judgment against the debtor until the judgment is paid. So if you have a debtor who owes you money and they want time to pay, you should ask them to pay interest on the amount owed until it is paid, and you should have them sign a document putting that agreement in writing. Your lawyer can help you draft such a document. If a customer resists such a reasonable request, then you may want to move forward with a collection action in court and obtain a judgment so that you can earn interest on the debt until it is paid.

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[Helping You Collect Is My Business](#)*