

Subject / Overdue Account Procedure

Overdue accounts are rarely a problem if you have a reliable system for dealing with them.

First, make sure each client signs a statement (usually part of the order form) such as this when the order is placed:

I commission the studio to furnish the items ordered and I agree to pay for such goods and services in accordance with the terms of purchase. I understand that final payment is due upon completion of order and that 30 days after completion of order 1-1/2 % per month (18% per year) will be added to unpaid balance. The studio reserves the right to use reproductions of these images for display, publication, or other purposes. Digital files or negatives remain the property of the studio.

Accounts are considered due “upon completion of order,” so the process detailed below is set into motion **after** you have notified the client that the order is completed and ready for pickup.

The following notices are sent to overdue accounts:

End of month after notification that order is ready - send statement and place invoice in “Accounts Receivable” file with duplicate copy of statement attached. No interest is added.

30 days after statement is sent, add interest to balance of account and send the following: “This statement is our record of the sum now outstanding on your account. Please check your records, and if the bill has not yet been paid, send us a check or money order or arrange for a credit card payment for the amount indicated. If there is any problem with your account as shown, please contact us immediately.” **Make duplicate copy of this statement and attach to original invoice in “Accounts Receivable” file.**

30 days later - add interest to statement and send the following: “This statement shows your account to be sixty days overdue. Since we have not heard from you we assume that there is no problem with the amount of the bill or the services you received from us. We would therefore appreciate your immediate attention to this bill.” **Make duplicate copy of this statement and attach to original invoice in “Accounts Receivable” file.**

30 days later - add interest to statement and send the following by certified mail: “This is your third and final notice regarding your overdue account. Unless payment is received within ten days, this matter will be turned over to a District Justice for collection. The District Justice is empowered to issue a judgment against you and to seize property for sale in order to satisfy the amount owed to us. You may avoid this action by contacting us within the next ten days and arranging to make payment on your account.” **Make duplicate copy of this statement and attach to original invoice in “Accounts Receivable” file. Mark date on appointment book ten days later and indicate action is to be taken that day.**

10 days later - send statement and the following by certified mail: “I am hereby informing you that on (date and time) a judgment will be entered against you in the office of District Justice (name of justice) for the purpose of collecting the balance of your account due to us. This is your last chance to avoid this unpleasant action. Please contact us immediately and arrange to pay your account by the date listed above.” **Make duplicate copy of this statement and attach to original invoice in “Accounts Receivable.” Place date of visit to District Justice in appointment book. Take original invoice and all statement copies when visiting District Justice as proof your your “good faith” in attempting to collect the overdue account.**