



# Commercial Collections in the Southeast

ALABAMA · GEORGIA · TENNESSEE

Sweet tea, weather, college football, and BBQ – the Southeast is well-known for those things. But for commercial collections professionals, these three states are also known to offer good things as well: creditor-friendly courts, minimal red tape, and powerful post-judgment tools that actually get you paid. This session walks through the legal landscape, procedural quirks, and client prep strategies you need to collect successfully in Alabama, Georgia, and Tennessee.

No Representation is made that the quality of the legal services to be performed is greater than the quality of legal services performed by other lawyers.

# Why the Southeast Is a Collector's Best Friend

Not all states are created equal when it comes to commercial collections. Alabama, Georgia, and Tennessee consistently rank among the most creditor-friendly jurisdictions in the country – and for good reason.

## No Excessive Red Tape

These states don't bury creditors in procedural hurdles. Filing, serving, and litigating a commercial debt claim is straightforward and relatively fast. **Also, we do not have an overzealous Attorney General (currently) and no real laws that govern the collection world.**

## Courts That Actually Move (except Shelby Co., TN)

Dockets are manageable. Judges understand commercial disputes. Default judgments, summary judgments, and enforcement proceedings move at a pace that keeps clients engaged and cash flowing. **E-filing in Alabama is required; TN is not as effective as e-filing does not really exist at this time.**

## Debtors Willing to Resolve

Cultural and business norms in the Southeast often favor resolution over prolonged litigation. Many debtors prefer to settle rather than face the reputational and financial cost of a public judgment. **Courts have created tools like OCR (Alabama) and required mediation to help find a resolution in cases and reduce their caseload.**

## Strong Post-Judgment Arsenal

Once you have a judgment, these states give you real tools – wage garnishment, bank levies, liens, and more – to enforce it effectively and recover what your client is owed. **A recorded judgment in either of these states provides one with a lien against any real estate owned by the debtor in that particular county.**

# Know Your Jurisdiction

Before you file a single demand letter, know which state's rules govern your claim. Each of the three states has its own statutes of limitations, court structure, service requirements, and enforcement mechanisms. Getting the jurisdiction right from day one shapes everything that follows.

1

## Alabama

6-year statute of limitations on written contracts. District and Circuit Courts handle commercial matters. Strong garnishment and lien statutes give creditors meaningful leverage after judgment. **E-filing is required.**

2

## Georgia

6-year limitation on written contracts. Superior/State Court and Magistrate Courts are the venues. **E-filing for all Superior/State Court matters; Magistrate Court varies per County — some you have to mail.**

3

## Tennessee

6-year statute on written contracts. General Sessions and Circuit Courts cover most commercial claims. **For General Sessions cases (under \$25k), you get to pick your initial trial date; virtually no e-filing yet.**

# The Legal Landscape: Statutes, Courts & Filing Strategy

## What Drives Venue Selection

Choose your court based on the dollar amount of the claim, the nature of the debtor entity, and where the debtor conducts business. Filing in the right court – and the right county – can dramatically affect speed and enforceability.

- Magistrate/Small Claims/District/General Sessions: lower dollar thresholds, faster resolution
- Circuit(AL)/Circuit(TN)/State/Superior: larger claims, complex disputes, full discovery
- Example: if the amount is greater than \$10k in Alabama, we will file case in Circuit Court as any decision can be appealed *de novo* and we do not want to have to litigate the case 2x.

## Critical Filing Considerations

Proper documentation is everything. Courts in all three states expect creditors to come prepared with the underlying contract, account statements, and proof of the debt relationship.

- Verify the correct legal name of the debtor entity before filing
- Confirm registered agent address for proper service
- Attach all supporting exhibits at the time of filing
- Check for any applicable UCC filings that may affect priority
- Confirm the applicable interest rate – statutory rates vary by state
- Review contract/T&C to determine if attorney fees are allowed.

# Pre-Suit Strategy: Set Yourself Up to Win

The most successful collections outcomes don't start in the courtroom – they start in the demand phase. A disciplined pre-suit strategy saves time, reduces cost, and dramatically improves recovery rates before a single filing fee is paid.

## → Send a Proper Demand Letter

A well-crafted demand letter puts the debtor on notice, establishes a paper trail, and – in many cases – prompts immediate payment or a payment arrangement. **We have found that emailed demand letters have been very successful in getting the debtor(s) to respond.**

## → Conduct a Skip Trace & Asset Search

Know what you're chasing before you file. Verify the debtor's current business address, identify bank relationships, and locate real property holdings. A judgment against an asset-less entity is an expensive piece of paper. **We utilize a checklist to work cases pre-suit. Make sure you provide the complete file upon placement.**

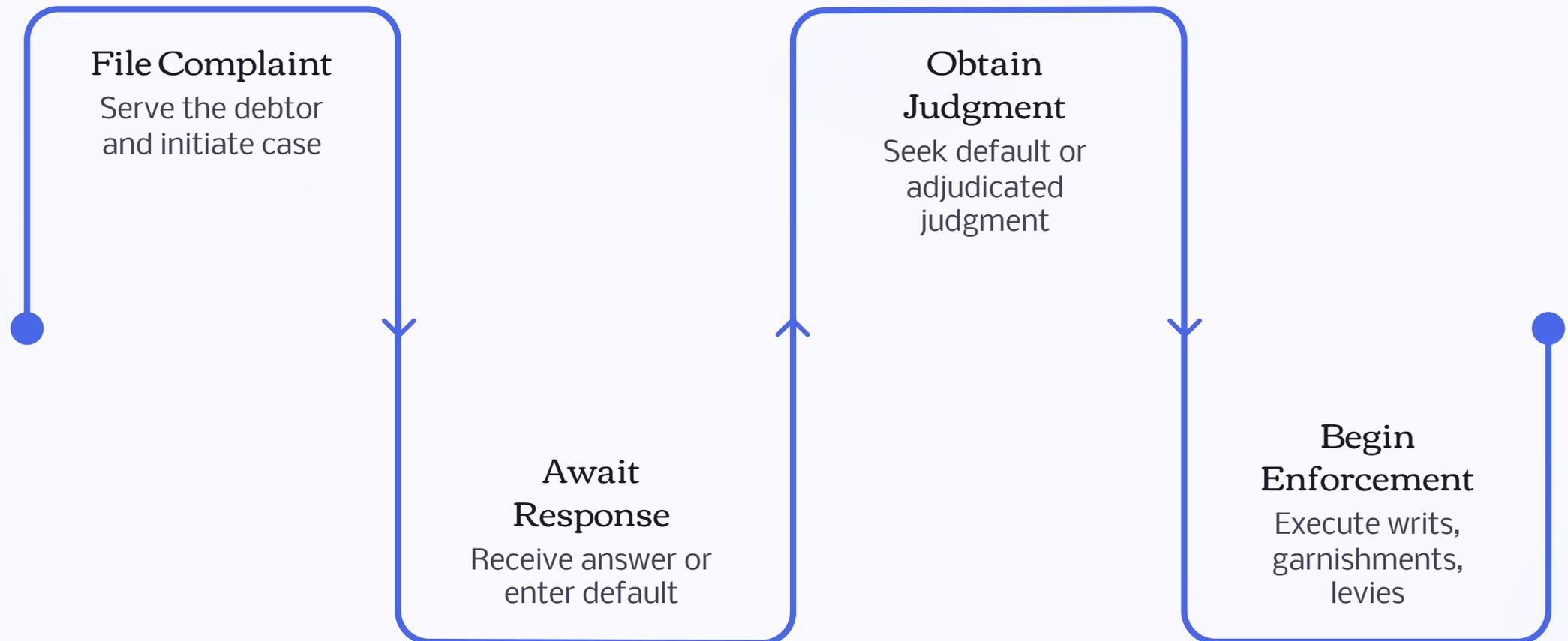
## → Confirm Entity Status

Check the Secretary of State databases in Alabama, Georgia, and Tennessee. Is the entity still active? Has it dissolved, merged, or changed its registered agent? Suing the wrong entity – or a dissolved one – wastes time and money.

## → Evaluate Settlement Potential Early

If the debtor has assets but is cash-strapped, a structured settlement negotiated before suit is often faster and cheaper than full litigation. Know your client's authority and be ready to move quickly. **Suggestion — provide internal settlement authority with placement — attorney is going to maximize recovery; and handle case in the best interest of client.**

# Litigation Process: From Filing to Judgment



In Alabama, Georgia, and Tennessee, the path from complaint to judgment is relatively efficient for commercial matters. Default judgments – available when the debtor fails to answer – typically run 30 to 60 days post-service. Contested matters move to discovery and trial, but most commercial defendants default or settle before reaching that stage. The key is proper service and a clean, well-documented complaint that leaves no room for delay tactics. **Clients should provide their attorney with the full documentation including the contract and terms and conditions so the attorney can determine if attorney fees are allowed and what interest rate/interest start date should be added to the claim. Also, do not include collection fees in the amount placed. Collection fees are not allowed unless they are in the form of attorney fees; and awarded by the court/judge.**

# Post-Judgment Enforcement: The Good Stuff

Winning the judgment is step one. Getting paid is the mission. These three states load you up with enforcement tools that give creditors real leverage – and real results.



## Bank Account Garnishment

All three states allow creditors to garnish a debtor's bank accounts post-judgment. Timing matters – a well-timed garnishment served at the right institution can produce immediate results.



## Wage Garnishment

Available against individual guarantors and sole proprietors. Tennessee's garnishment process is especially efficient. Note: not applicable to corporate entities, but powerful against personal guarantors. **Note: in Georgia, the garnishment needs to be filed in the County where the garnishee resides (often filed in metro Atlanta).**



## Judgment Liens on Real Property

Record your judgment in the county where the debtor owns real property to create a lien. This prevents sale or refinancing without satisfying your debt and can force payment when the debtor needs to close a transaction. **Also, it can be effective if the business is trying to get a loan/line of credit, the lender might require the judgment to be paid prior to the loan being provided to the debtor.**



## Post-Judgment Discovery

Use interrogatories and depositions in aid of execution to force debtors to disclose assets, bank accounts, and receivables. Courts in all three states support this process and will sanction non-compliant debtors. **In Alabama, district court/small court cases need to have permission to proceed with PJD; we only typically file when the amount owed warrants it — typically Circuit Court. As a general rule, we will use them in higher judgment balance cases.**

# The One Thing These States Don't Have

## No Tax Garnishments – and That's Worth Knowing

Michigan creditors enjoy the ability to garnish state income tax refunds – a powerful tool that Alabama, Georgia, and Tennessee simply don't offer. It's one gap in the toolkit worth acknowledging upfront.

However, don't let that minor limitation overshadow the substantial arsenal you do have. The combination of bank garnishments, property liens, wage garnishments against guarantors, and post-judgment discovery gives collectors in these states more than enough firepower to recover on most commercial claims.

- 📌 Pro tip: When tax refund garnishment isn't available, pivot to bank levy timing strategies – coordinate garnishment writs around known payment cycles for maximum impact.

## What You Have Instead

### ✓ Bank Levies

Immediate and powerful when timed right

### ✓ Real Property Liens

Long-term leverage on assets that matter

### ✓ Wage Garnishment

Effective against personal guarantors

### ✓ Receivables Execution

Target accounts receivable of debtor businesses

# Preparing Your Clients for Success

The single biggest predictor of successful collections isn't the strength of your legal team – it's how well-prepared your client is before the debt ever goes delinquent. Educate your clients early and you'll spend far less time untangling problems later.

## Require Personal Guarantees – Always

In commercial transactions, always obtain a personal guarantee from the principal(s) of the debtor entity. When the business folds or goes judgment-proof, the guarantee keeps your recovery options open against individual assets and wages.

**Make sure the personal guarantee is a separate document; or separate section of the contract and properly written.**

## Maintain Clean, Signed Documentation

Contracts, invoices, purchase orders, and acknowledgment of balances should all be signed, dated, and retained. Courts expect it. Gaps in documentation invite defenses and delays that cost everyone time and money. **In these states, the judges are virtually all voted in so they are going to protect their constituents against an out of state creditor.**

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## Act Quickly on Delinquency

The best time to address a past-due account is the moment it becomes past due. Debtors dissipate assets. Waiting 12 - 18 months to refer a claim often means the recovery window has narrowed significantly. **My advice with clients is always to formulate a timeline and stick with it – go with what makes sense business-wise and also what you are comfortable with.**

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## Know the Debtor's Business Structure

A claim against an LLC with no assets and a dissolved status requires a different strategy than a claim against a profitable corporation with real property. Know what you're dealing with before the clock runs on your statute of limitations. **One effective strategy we use when dealing with an LLC is a charging order.**

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# Practical Tips From the Field

Beyond the statutes and procedures, experienced collections practitioners in these states know that results come from discipline, relationships, and attention to detail. Here's what the most effective collectors in Alabama, Georgia, and Tennessee consistently do right.

## 1 Work the Phone Early

Southern business culture values direct communication. A well-timed phone call – before formal litigation – often resolves more than a stack of demand letters. Be professional, be firm, and be ready to document every conversation. **We are utilizing emails and TLO/ID to gain information on the debtor – easier with consumer debtor compared to commercial debtors.**

## 3 Renew Your Judgments Before They Expire

Judgments don't last forever. Alabama and Georgia judgments are renewable; Tennessee judgments must be acted upon within 10 years. Calendar your renewal deadlines – letting a judgment lapse is an avoidable, costly mistake.

## 2 Use Consent Judgments Strategically

Many debtors will agree to a consent judgment or structured payment plan to avoid a contested hearing. This gets you an enforceable order faster, avoids trial risk, and preserves the creditor-debtor relationship where appropriate. **Our advice is always to get a judgment where the debtor is voluntarily paying. Create a win-win situation for both sides.**

## 4 Domesticating Out-of-State Judgments Promptly

If your client holds a judgment from another state, domesticate it quickly using the Uniform Enforcement of Foreign Judgments Act – available in all three states. Don't wait until the debtor moves assets before you act. **All three states utilize the UEFJA.**

# State-by-State Quick Reference

Use this reference guide to keep key facts straight across all three states. Small differences in statute of limitations, interest rates, and exemptions can have a big impact on strategy and recovery.

Category	Alabama	Georgia	Tennessee
Statute of Limitations (Written Contract)	6 years	6 years	6 years
Post-Judgment Interest Rate	7.5% per annum (statutory)	Prime + 3% (varies)	10% per annum (currently)
Primary Commercial Court	District/Circuit	Magistrate/Superior	General Sessions/Circuit
Wage Garnishment	Yes (individuals)	Yes (individuals)	Yes (individuals)
Bank Account Garnishment	Yes	Yes	Yes
Pre-Judgment Attachment	Limited	Available	Limited
Judgment Lien on Real Property	Yes	Yes	Yes
Judgment Renewal Period	Renewable at 10 yrs	Renewable at 7 yrs	10-year enforcement window
Foreign Judgment Domestication	UEFJA adopted	UEFJA adopted	UEFJA adopted

# Key Takeaways & Your Action Checklist

## The Bottom Line

Alabama, Georgia, and Tennessee give commercial creditors a legitimate advantage. Courts move, tools work, and debtors are often motivated to resolve. Your job is to show up prepared, document everything, and use every tool available.

The collectors who consistently recover in this region aren't just legally skilled – they're strategically disciplined from the moment a client relationship begins.

## Your Pre-Suit Checklist

- Confirm correct debtor entity name and active status
- Verify registered agent and service address
- Gather all signed contracts, invoices, and statements
- Confirm personal guarantee is in hand
- Run asset search and skip trace before filing
- Calculate statutory interest from date of default; determine if attorney fees are allowed
- Send formal demand letter with response deadline
- Evaluate settlement authority with your client
- File in the correct court for claim amount and county
- Calendar statute of limitations and judgment renewal dates

# Let's Talk

# Questions, Scenarios & Practical Discussion

This is an interactive session – bring your real-world questions, tricky debtor scenarios, and war stories from the field. The goal is a practical conversation that gives every attendee something actionable to take back to their desk. Alabama, Georgia, and Tennessee are on your side. Let's make sure you're using every advantage available.

Thanks for your time. What questions do we have.....

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