



The C.I.A. Debt Recovery Group Ltd

P.O. Box 106-472, Auckland City, 1143, New Zealand

Free Phone 0800 111007 Free Fax 0800 222007

On-line tenant checking www.tinz.net.nz

Debt collection www.cia.co.nz

Email : admin@cia.co.nz

Nationwide Debt Recovery Specialists

20 July 2010

Dear Sir/ Madam,

Recently you contacted us with regard to you being interested in utilising our services.

We herewith furnish to you our Business Profile which outlines our philosophies and our services. You will note that our services are offered on a nationwide basis.

An instruction sheet for your use can be found on page 14, which you should photocopy as a template for future use. All you need to do to instruct us, is complete one for each debtor and fax/email/post that with a good copy of any Court order or invoices to us.

You will have to choose an option for billing. We find the mostly commonly chosen option is option 2 in the schedule of fees. This does have an upfront fee but in the light that 50% plus of debts have to go back through the District Court enforcement process this fee is substantially less than the current minimum costs of enforcement which are \$474 per debt. We will pay for the costs of enforcement on our option 2. If we need to secure a Court order we will come back to you under our option 1.

However, saying all that, please peruse our other options and choose an option that fits your budget.

We would be pleased to hear from you, should you feel you would like some advice or attention to any matter, now or in the future.

Yours faithfully,

G.D. Knight

Geoff Knight
Managing Director

PROFILE

INTRODUCTION

Why use us...

When it comes to choosing a cash collection expert as your credit control partner, we respect the fact that we have very many rivals for you to choose from. So, why choose us? Well, we've been collecting our clients' accounts since 1993 and in that time we've met this challenge despite boom-and-bust economies, as well as truly remarkable technical and legislative changes too. But, throughout all of these years, we've always understood that we're only as good as the last client account we successfully collected.

We offer national coverage.

Overdue Account Collection Service

Your commercial deal is done, the goods or services have been delivered, and the invoice has been sent too. But, your debtor has still not paid. Let's assume that your terms are 30 days, and that your debtor still hasn't paid after 60/120 days. Assuming that you know they've already 'accepted' your invoice, and that they've never raised a query or dispute, they're probably using you as a free-of-charge overdraft facility.

That's when third-party intervention can play its role in the escalation process. We will act, in our own name, where we'll first assess their credit worthiness, or their ability to pay. Then, armed with this crucial information, we'll call them to negotiate payment of your invoice. This will ensure that your invoice gets priority over their other unpaid bills, and we'll educate them to pay on-time in the future.

Aged Debt Collection Service

Assuming that your terms are 30 days, and your debtor hasn't paid after 120 days, the chances are that you'll already be making provision for a bad-debt write-off. That's before you entrust us with third-party collection in our name. In our experience, if your debtor is solvent and liquid, they'll want to continue to attract credit terms with you, as well as other creditors. We'll explain that protracted default will damage their credit rating and, with it, negate their ability to get further credit.

We'll then leverage this position to ensure that your invoice is given priority over their other unpaid bills.

Invoice Acceptance

Too many companies issue their invoice and then do nothing until the account becomes due for payment. In our experience, this is dangerous because it assumes that the debtor

has 'accepted' your invoice. The sooner that you know your debtor accepts your invoice, the sooner you can expect to be paid.

We'll call your debtors, gain their acceptance to its content, and schedule the date that it will be processed for payment. Your cash-flow forecast, and your query management, will both improve, and your customers will respect that your credit terms mean what they say.

Persistent Late Payers

For many credit professionals, a persistent late payer represents the single most important reason for using the services of a cash collection expert. We find this very strange, and for two reasons: Firstly, 'persistent', and secondly 'late'. 'Persistent' means they regularly flaunt your credit terms, and thus increase the cost of maintaining them as a customer. 'Late' means they increase the pressure on you to fund your business without their cash. Both, in our estimation, are entirely unacceptable.

One statistic that no credit professional will dispute is that the likelihood of payment reduces over time. That's why we always encourage our customers to place their overdue accounts with us earlier, rather than later.

DEBT RECOVERY & DEBT MANAGEMENT SERVICE

We are specialists in the tracing of errant tenants and the recovery of debt from these persons. However we do collect general debt.

On a recent analysis we found that we located 89.7% of errant tenants and gained voluntary recoveries from 86%. We filed and monitored Court Enforcement procedures on the balance on behalf the landlords.

We monitor the on-going repayments by your debtors.

We offer the service of debt monitoring where we take over the hassles with the day to day management of repayments from your debtors. We will relieve you of the tedium of calling up bad payers and if we get no results from these phone or personal contacts, we can instigate legal proceedings for formal recovery.

OUR SYSTEM

1. We can accept your written instructions by email, fax or mail;
2. We enter your instructions into our computer diarised "Client Management System" and at that time will at that time, preferably, email an acknowledgment to you;
3. We don't usually give you automated updates of our progress but we would be happy to receive a quick email from you every 6-8 weeks;
4. At the conclusion we will give you an advice as to the offer of repayment from your debtor and/or recommendation to pursue legal remedy.

CIA RENT MANAGEMENT – SEE OPTION 8 UNDER SCHEDULE OF FEES VIA OUR WEBSITE

We are specialists in the recovery of tenancy related debts and with an 89.7% locate rate you can see why even the Ministry of Justice Dept For Courts refer creditors to us.

For those landlords and property managers who don't want to have the daily hassle of collecting rent we offer to collect the weekly/monthly rent from your tenant(s). Call us for more details and a profile specific to tenancy related matters

SISTER COMPANY



[New Zealand's Largest Tenancy Database - www.tinz.net.nz](http://www.tinz.net.nz)

(Service launched 1.10.98)

This service allows landlords and property managers to vet prospective tenants. It is also imperative, that those who have errant tenants, to register their debts so that we can identify them as they are vetted by other landlords and property managers. Currently we have more than 70,000 tenants listed, as of 1.1.10, from information from landlords, property managers and Housing NZ public records, and growing at the rate of 500 plus per week.

You can also conduct simultaneous credit check enquiries which will automatically searches Ministry of Justice orders out of the Tenancy Tribunal and gives and option simultaneously conduct a search of Veda Advantage records as well.

Please visit their website for more information and register on-line.

Please call 0800 TENANT for more information.

SCHEDULE OF FEES

(This is subject to change without notice but is current to Tuesday, July 20, 2010)

We now only offer one “results only” option – option 5 for the reason that many creditors get us to start work on tracing their debtors and when the only option is to litigate or enforce a debt they fail to commit themselves to any further action even though we have probably expended our funds prior to getting to this stage.

The most common options for tenancy related debt are Options 2,4 & 5

OPTION 1

Debt Registration

Registration of Debt – no pro-active tracing – debt will also be lodged on

Tenancy Information New Zealand Ltd – www.tinz.net.nz

Veda Advantage (formerly known as Baycorp)

\$20 + GST per debt (i.e. per Court order)

25% + GST of any amount recovered if debtor decides to pay us to clear default

DISTRICT COURT APPLICATIONS & PREPARATION

NOTICE OF CLAIM

Debts less than \$3000	-	\$180.00 inc GST claimable against debtor
Debts \$3000-\$50,000	-	\$337.50 inc GST claimable against debtor
Debts greater than \$50,000	-	\$675 inc GST claimable against debtor

Plus applicable Court filing fees

Plus other costs of disclosure and entry of default - full legal process and costs – separate advice can be furnished on request.

COMPANIES ACT – STATUTORY DEMANDS

\$80 + G.S.T.

PREPARATION & SWEARING OF EXAMINATION ORDERS, EVICTION & DISTRESS WARRANTS

\$80 + G.S.T. per debt if part of our recommendation to enforce a Court order (we will cover difference and recover from debtor + COURT FILING FEES – otherwise actual cost is \$230 + GST per order

PREPARATION OF DISPUTES & TENANCY TRIBUNAL APPLICATIONS

\$80 + G.S.T. per debt + FILING FEES

PROCESS SERVING

AT THE ADDRESS GIVEN AND ONE ALTERNATIVE GIVEN BY YOU
OTHERWISE A TRACE FEE WILL BE ADDED

\$75.00 + G.S.T. per debtor

includes preparing and swearing of affidavits of service

A minimum registration may apply where obvious incorrect details of addresses given.

If the matter relates to debt recovery and the debt is paid in full or part to us, option 2 debt recovery charges will be added to all the above.

REPOSSESSIONS

FROM THE ADDRESS GIVEN

\$120 + G.S.T. per chattel or \$300 + G.S.T. per vehicle

plus trace costs and towage/storage fees

EVICTIONS

Residential - \$80 + G.S.T. per hour – minimum is \$320 + GST – which allows for 2 hours at actual eviction with Court Bailiff and locksmith and issue of trespass notice and 2 hours for returning to property to secure property after tenant has removed belongings at end of day.

Commercial – by quotation – depends on size of premises/staff to deal with.

Locksmith – at cost and billed to you direct

COURT HEARING REPRESENTATION

Examination hearings – we have contracted solicitors through New Zealand who are required, under current Ministry of Justice policies, to represent Debt Collection agencies at these and contempt hearings

\$120 + GST per hearing (if within Auckland)
\$160 + GST per hearing (if outside of Auckland)

Contempt Proceedings, Tenancy Tribunal, Summary Instalment Orders, Garnishee hearings,

\$160+ GST per hearing (if within Auckland)
\$200 + GST per hearing (if outside of Auckland)

TERMS OF TRADE - INVOICES WILL BE PAID FOR BEFORE WE ACTION OUR SERVICES

The most preferred option

OPTION 2 – Any Debt Size on this option we pay enforcement costs

You will be invoiced and payment is expected before we start our enquiries

\$240 + G.S.T. registration per debtor and per Court order

(we can chase just one debtor of your choice if there is multiple debtors on the Court order)

and we will deduct

20% plus G.S.T. commission

from any amount we recover or the debtor pays direct to you or any other agency you might also have instructed. The commission will be taken out of the debtor's repayments before being dispersed to you. We will bill you the commission if they pay you or another agency.

We will cover the costs of one enforcement process if we need to take this course of action we will pay for the direct costs and we will recover them first from the debtor before dispersing recoveries less the 20% + GST commission. Current costs of enforcement for an order for examination amount to \$474. So this is the best option.

(i.e. preparing and swearing affidavits and applications for enforcement and the appearance of our solicitor or agent at any examination hearing. We will pay the costs of legal enforcement through to attachment order or distress warrant stage). We will not charge trace fees if they stop paying and we need to get them re-started on the repayments and/or initiate.

This option doesn't cover the cost of litigation to gain an enforceable Court order. We may have to refer you back to option 1 to enter this process if you have no Court order and your debtor refuses to pay voluntarily.

We will lodge the debt on our sister company's tenant checking and referencing system at Tenancy Information New Zealand – www.tinz.net.nz – which will also automatically lodge debt on Veda Advantage.

Examples

Option 2 - \$240 +GST reg and 20% + GST comm	examples of net that would become available from recovery			
No Enforcement costs	All size debts			
Debt amount	\$ 500.00	\$ 1,000.00	\$ 2,000.00	\$ 5,000.00
Registration cost (tax deductible & GST inc)	\$ 270.00	\$ 270.00	\$ 270.00	\$ 270.00
Commission on debt @ 20%	\$ 100.00	\$ 200.00	\$ 400.00	\$ 1,000.00
GST on commission (at 12.5%)	\$ 12.50	\$ 25.00	\$ 50.00	\$ 125.00
Commission Total (inc GST)	\$ 112.50	\$ 225.00	\$ 450.00	\$ 1,125.00
Total CIA deductions	\$ 382.50	\$ 495.00	\$ 720.00	\$ 1,395.00
Net to you after deducting registration cost and commission	\$ 117.50	\$ 505.00	\$ 1,280.00	\$ 3,605.00
District Court Enforcement costs (minimum) if requ	\$ 474.00	\$ 474.00	\$ 474.00	\$ 474.00
Discount to you	100%	100%	100%	100%
You pay	\$ -	\$ -	\$ -	\$ -

OPTION 3 – obsolete

OPTION 4 – Any Debt Size

on this option you pay 50% of enforcement costs if deemed necessary

(Covers field, trace and management fees only – does **not** cover civil litigation **nor** full enforcement costs – on this option you will be billed 50% any Court filing fees and contracted solicitor's fees for attending any hearing & solicitor's preparation costs.

\$120 registration fee + G.S.T., which is payable to register the debt

then we will deduct

30% plus G.S.T. commission from any amount we recover or the debtor pays direct to you or any other agency you might also have instructed.

The commission will be taken out of the debtor's repayments before being dispersed to you. We will bill you the commission if they pay you or another agency.

We will lodge the debt on our sister company's tenant checking and referencing system at Tenancy Information New Zealand – www.tinz.net.nz – which will also automatically lodge debt on Veda Advantage.

Option 4 - \$120 + GST reg and 30% + GST comm	All size debts			
50% discount on enforcement costs (i.e. CIA will pay half and recover from debtor)				
Debt amount	\$ 500.00	\$ 1,000.00	\$ 2,000.00	\$ 5,000.00
Registration cost (tax deductible & GST inc)	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00
Commission on debt @ 30%	\$ 150.00	\$ 300.00	\$ 600.00	\$ 1,500.00
GST on commission (at 12.5%)	\$ 18.75	\$ 37.50	\$ 75.00	\$ 187.50
Commission Total (inc GST)	\$ 168.75	\$ 337.50	\$ 675.00	\$ 1,687.50
Total CIA deductions	\$ 303.75	\$ 472.50	\$ 810.00	\$ 1,822.50
Net to you after deducting registration cost and commission	\$ 196.25	\$ 527.50	\$ 1,190.00	\$ 3,177.50
District Court Enforcement costs (minimum- if require	\$ 474.00	\$ 474.00	\$ 474.00	\$ 474.00
Discount to you	50%	50%	50%	50%
You pay if debtor appears	\$ 237.00	\$ 237.00	\$ 237.00	\$ 237.00
If debtor fails to appear a warrant to arrest required (normally \$128 docu prep and \$128 for solicitor to appear again)	\$ 128.00	\$ 128.00	\$ 128.00	\$ 128.00

OPTION 5 – RESULTS ONLY DEBT RECOVERY & ENFORCEMENT

You may use this option for field, trace and management fees but they are intended for use as an alternative for collection and enforcement of Court Orders when debtors refuse to pay on the previous options. We will cover all costs of District Court enforcement. This option doesn't cover the cost to gain an enforceable Court or Tribunal order.

CIA reserves the right, not to enforce the debt via the District Court

Minimum debt \$800 – otherwise please use options above.

50% Plus G.S.T. commission from any amount we recover or the debtor pays direct to you or any other agency you might also have instructed.

The commission will be taken out of the debtor's repayments before being dispersed to you. We will bill you the commission if they pay you or another agency.

We will lodge the debt on our sister company's tenant checking and referencing system at Tenancy Information New Zealand – www.tinz.net.nz – which will also automatically lodge debt on Veda Advantage.

Option 5 - NO reg fee and 50% + GST comm	Minimum debt \$800			
No Enforcement costs	We may not enforce debts under \$1000			
Debt amount (minimum \$800)	\$ 800.00	\$ 1,000.00	\$ 2,000.00	\$ 5,000.00
Registration cost (tax deductible & GST inc)	\$ -	\$ -	\$ -	\$ -
Commission on debt @ 50%	\$ 400.00	\$ 500.00	\$ 1,000.00	\$ 2,500.00
GST on commission (at 12.5%)	\$ 50.00	\$ 62.50	\$ 125.00	\$ 312.50
Total commission (inc GST)	\$ 450.00	\$ 562.50	\$ 1,125.00	\$ 2,812.50
Total CIA deductions	\$ 450.00	\$ 562.50	\$ 1,125.00	\$ 2,812.50
Net to you after deducting registration cost and commission	\$ 350.00	\$ 437.50	\$ 875.00	\$ 2,187.50

OPTION 7 – Debts under \$800

on this option **you** pay **ALL** enforcement costs if deemed necessary

\$40 + G.S.T. register, which is payable to register the debt

then we will deduct

40% plus G.S.T. commission from any amount we recover or the debtor pays direct to you or any other agency you might also have instructed.

The commission will be taken out of the debtor's repayments before being dispersed to you. We will bill you the commission if they pay you or another agency.

Please note that **NO** active tracing is undertaken on this option. Only letters of demand will be sent to known addresses offered by you. We will undertake a maximum of 3 phone calls to known numbers for your debtor. This option does **NOT** cover civil litigation **nor** enforcement costs.

We will lodge the debt on our sister company's tenant checking and referencing system at Tenancy Information New Zealand – www.tinz.net.nz – which will also automatically lodge debt on Veda Advantage.

Option 7 - \$40 +GST reg and 40% + GST comm	Debts <\$800			
No discount on enforcement costs	ALL			
Debt amount	\$ 200.00	\$ 300.00	\$ 500.00	\$ 800.00
Registration cost (tax deductible & GST inc)	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00
Commission on debt @ 40%	\$ 80.00	\$ 120.00	\$ 200.00	\$ 320.00
GST on commission (at 12.5%)	\$ 10.00	\$ 15.00	\$ 25.00	\$ 40.00
Commission Total (inc GST)	\$ 90.00	\$ 135.00	\$ 225.00	\$ 360.00
Total CIA deductions	\$ 135.00	\$ 180.00	\$ 270.00	\$ 405.00
Net to you after deducting registration cost and commission	\$ 65.00	\$ 120.00	\$ 230.00	\$ 395.00
District Court Enforcement costs (minimum- if r	\$ 540.00	\$ 540.00	\$ 540.00	\$ 540.00
Discount to you	0%	0%	0%	0%
You pay if debtor appears	\$ 540.00	\$ 540.00	\$ 540.00	\$ 540.00
If debtor fails to appear a warrant to arrest required (normally \$128 docu prep and \$128 for solicitor to appear again)	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00

OPTION 6 - this is an insurance type plan – to prepay your future possible debt collection costs – not for current/old debts

The

C.I.A.

The C.I.A. Debt Recovery Group Ltd

DEBT RECOVERY PLAN

P O Box 106472, Auckland City 1143
Ph 0800 111-007 Fax 0800 222-007

Tracing and Debt Recovery cost insurance

Only **\$160** per year
per property plus G.S.T.

NO COMMISSIONS, NO HIDDEN CHARGES
NO COURT FEES

(includes enforcement by order for examination and attachment order)

- FREE tracing of errant tenant(s)
- FREE recoveries of your debt
- FREE management of any debt repayment for the period of one year , from the date of instruction, reverting to the prevailing option 2 after one year
- Re-trace debtor(s) as required
- FREE preparation and swearing of Court enforcement documents if required
- C.I.A. will pay Court enforcement fees if no voluntary offer gained from debtor.

RING US FOR A PROPERTY REGISTRATION FORM

C.I.A.

Rent Collections

(Conditions apply – see attached)

Option 8 – Commission 6.95% + G.S.T. of collected rent – private landlord – discounts for multiple property owners or property managers

THE GUARANTEE

We guarantee the rent See our website www.cia.co.nz for more detail under the heading of “Rent management”

The C.I.A. Debt Recovery Group Ltd

Option 2

