

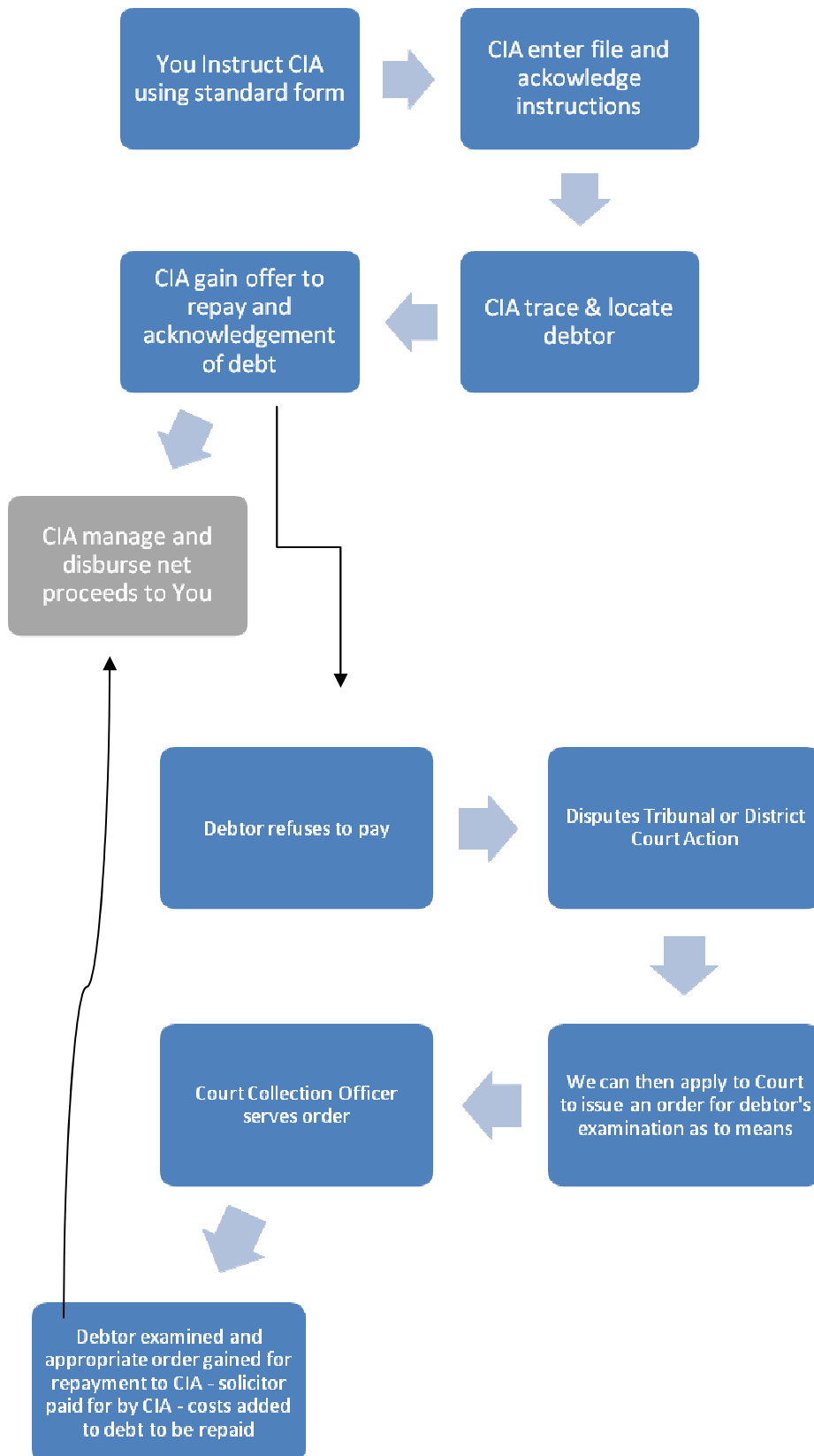
Current Costs & Steps of Legal Recovery Action

(current from 15 July 2011)

1. We would normally like to try to approach your debtor first to gain a voluntary offer of repayment and you should choose one of our options 2-4 in the initial stages, however, if your debtor refuses to pay without offering a dispute we will need to start a process to gain an enforceable Court order in the most appropriate Court of jurisdiction. (i.e. Tenancy/Disputes Tribunal/District Court.)

We point out that if the matter relates to rent arrears or damages we would expect you to gain the Tribunal order before coming to us.

If there is a dispute, the maximum jurisdiction of the Disputes Tribunal is for claims less than \$15,000 unless both parties agree then it is to \$20,000. N.B. Most debtors refuse to increase their potential liability and obviously won't agree to the increased jurisdiction.



The following is an indication of the process to gain a District Court Judgment and collection via enforcement of this judgement via District Court processes.

2. We prepare a **Notice of Claim**

Cost

Debts less than \$3000 - \$160 + GST not claimable against debtor
Debts \$3000-\$50,000 - \$300 + GST not claimable against debtor
Debts greater than \$50,000 - \$600 + GST claimable against debtor (we use a solicitor to sign documents off on this level of debt and hence costs are claimable)

3. We will lodge the Notice of Claim with the Court closest to where debt incurred – they will issue the notice with a reference number and send them back to us to serve on the debtor(s)

Cost \$169.20 inc G.S.T - Court filing fee - claimable against debtor

4. We will serve these documents personally on the defendant within a year of it being issued by the Court, (or registered office if a company) and prepare an affidavit of service for you to sign before a Solicitor, Justice of the Peace, or Registrar of the Court. If it cannot be served on the debtor within a year we have to re-file the matter with the Court and pay the filing fee again.

Cost \$75 +GST claimable against debtor

5. The defendant has 30 working days to serve his response on us. (If there is no response, from the defendant, go to para 7 below). We can try and settle at this stage without further action.

6. If we cannot agree, we then have 30 working days, after receiving this response from the defendant, to personally serve them the Information Capsule which is the documentation substantiating your debt against the defendant.

Cost \$200 + GST for preparation of the Information Capsule - claimable against the debtor
\$75 + G.S.T. for documents to be served on the debtor - claimable against debtor

7. The defendant has then got 30 working days to serve on us his Information Capsule.

8. If the defendant does not respond at all to para's 4 & 6 we will seek Judgment by default. We will apply to enter judgment in the District Court, and also send the affidavit of service, per para 4 & 6 above, back to the Court,

Cost \$48.30 inc. G.S.T. Court Fee - claimable against debtor

Cost \$80 + GST. preparation fee - claimable against debtor

9. If the debtor does respond, as per paragraph 7, and the matter is still in dispute we can then lodge a Notice of Pursuit of claim with the District Court. We must also serve on the debtor a notice we will be lodging the Notice. We will at this point have to refer this matter to a solicitor (yours or ours) to continue with a Judicial Settlement Conference which may mean that the matter is put before the District Court with the inherent hourly costs being charged by the solicitor on top of the summary of costs outlined below.

Cost \$906.30 + GST Court filing fee – claimable against debtor

Cost \$200.00 + G.S.T. preparation fee - claimable against debtor

Cost \$75.00 + G.S.T. for documents to be served on the debtor - claimable against debtor

Summary of costs

Court and legal costs for **District Court** action which are payable and partly recoverable from a debtor who **doesn't** dispute claim against him.

| | |
|---|----------|
| Preparation of Notice of Claim (NOC) for debts < \$3,000 (debts \$3,000-\$50,000 = \$345) | \$184.00 |
| Court costs of lodgment of NOC | \$169.20 |
| Our service of NOC on debtor and swearing of affidavit of service | \$86.25 |
| Court costs of sealing judgment by default if debtor decides not to defend | \$48.30 |
| Preparation of sealing documents | \$92.00 |
| Total to gain a judgment by default | \$579.75 |

Court and legal costs for **District Court** action which are payable and partly recoverable from a debtor who requires disclosure or disputes the claim against them.

| | |
|--|----------|
| Preparation of Information Capsule (IC) for service on Debtor | \$230.00 |
| Our service of IC on debtor and swearing of affidavit of service | \$86.25 |
| Total to gain a judgment by default | \$316.25 |

These costs are the standard costs that allowable under the District Courts Act and which can be added to a debt. If the debt becomes a disputed debt, and it is under \$15,000 the matter can be referred to the Disputes Tribunal.

Court and legal costs for District Court action which are payable and recoverable from a debtor if we have to file and serve Notice of Pursuit of Claim.

| | |
|---|-------------|
| Court filing fee - Notice of Pursuit of claim | \$ 906.30 |
| Cost of preparation | \$ 230.00 |
| Cost of serving notice on debtor | \$ 86.25 |
| Total | \$ 1,222.55 |

There are other costs which relate to defended and arbitration hearings which are quoted by representing counsel.

Enforcement of Judgment

Please note if you instruct us on option 2 to start this matter these **enforcement costs are covered by C.I.A.** so it would only be a matter of you having to pay for the costs to get judgment. Some of our other options cover part of the enforcement costs.

6. Three days after judgment is entered we can apply to enforce the judgment by way of an order for the examination of the judgment debtor's means, (although other enforcement options exist as per para 7 below)

Cost \$108.80 inc G.S.T. Court Fee

Cost \$306.67 inc GST our solicitor's preparation fee

All costs will be added to the debt that your debtor will have to pay you back

7. The creditor or his solicitor must attend the **examination hearing** and normally we would apply **for an attachment order on their source of income (i.e. wages/benefit)**, although other action can be taken e.g. distress warrant, caveat, garnishee order etc

Cost \$96.70 inc GST Court Fee for the attachment order – although the system has been recently changed where such attachment orders are usually being issued by the Court registrars without cost however the policy is not consistent across different District Courts

Cost \$153.33 inc GST fee for our contracted solicitor's attendance at the hearing(s)

Please note that can be more than one hearing, especially if the debtor doesn't appear, or the Court requires proof of income and/or expenses that were declared by the judgment debtor.

All costs will be added to the debt that your debtor will have to pay you back

8. If the debtor fails to appear the solicitor will have to apply for warrant to arrest him/her so that we can get the costs of their appearance added to the debt to

be recovered. The process then goes back to para 7 above when they are arrested.

Summary of costs of enforcing a Court Order/Judgment - inc GST

| | |
|---|------------------|
| Order for examination Court filing fee | \$ 108.80 |
| Our preparation, swearing costs & lodgement costs for this application FULL COST = \$306.67 | \$ 306.67 |
| Attachment order \$80 Court filing fee \$306.67 solicitor preparation - but most often issued without further cost | \$ - |
| Solicitor's costs of attending per hearing(minimum) \$153.33 | \$ 153.33 |
| Your Total if debtor appears and is dealt with on first hearing | \$ 568.80 |
| If Debtor fails to appear our solicitor will apply for a warrant to arrest the debtor and costs can be recovered from debtor. | \$153.33 |
| When debtor is arrested the solicitor is again required to attend | \$ 153.33 |
| Total | \$306.66 |
| | |
| | |

Please note if you instruct us on option 2 to start this matter these **enforcement costs are covered by C.I.A.** so it would only be a matter of you having to pay for the costs to get judgment. Some of our other options cover part of the enforcement costs.

If the debtor or the employer fails to pay

All costs will be added to the debt that your debtor will have to pay you back

9. If the debtor fails or stops paying on an attachment order we have three options –

– **Contempt of Court proceedings** which could result in the debtor doing community service on top of paying the debt; although it would necessarily involve solicitors costs to present the case before a Judge in the local District Court.

Cost \$223.50 inc GST Court Fee

Cost \$153.33 inc G.S.T. per hearing for the Solicitor (and quite often 2 hearings are necessary)

Cost \$306.67 inc G.S.T. solicitor preparation

Distress warrant to take goods from their address to the value of the Debt

Cost \$66.50 inc G.S.T. Court Fee

Cost \$306.67 inc G.S.T. solicitor preparation

– although more often than not the debtor doesn't haven't any assets that are worth distraining; or

Garnishee Order against a known deposit of money, or funds, due to debtor (e.g. bank deposit, inheritance, contract wages, debtor's own sub-debtor – useful for contractor employees) – this option could result in lump sum payment.

Cost \$126.90 inc G.S.T. Court Fee

Cost \$306.67 inc G.S.T. solicitor preparation

Cost \$153.33 inc G.S.T. per hearing for the Solicitor and quite often 2 hearings are required

Cost \$86.25 inc GST for service of documents on debtor

Cost \$86.25 inc GST for service of documents on debtor's subdebtor