



INTRODUCTION

1. Knight Adjustment Bureau Inc., is a locally owned and operated agency and is associated with the AMERICAN COLLECTORS ASSOCIATION which has over 4000 affiliated members. We are proud of the fact that our firm has more than 50 years of experience in collections. This, combined with the most up-to-date techniques and resources, affords you the ULTIMATE in recovery of your dollar.
2. Our reputation for recoveries and service is unmatched and may easily be verified. Our experience in collecting delinquent accounts for firms similar to yours is quite extensive, and we will furnish a list of references upon request. The main point we wish to stress is our desire and ability to provide you with the finest collection service available.
3. We use several methods to contact the debtor. The main method is through the use of the telephone, reinforced through letters. Our collectors are available from 8:00 A.M. to 5:00 P.M., Monday through Friday, to do what needs to be done to get the dollars collected.
4. Review, monitoring and evaluation of the accounts is done weekly by the management and the collection staff.
5. Some of our clients have a high profile in the community and prefer us to take a "soft" approach while others want to move into litigation after only three or four contacts. Our collectors are flexible and adjust their style to suit your individual needs.
6. Should the debtor refuse to pay and an asset search justifies legal proceedings, we have attorney's who follow through to the point of obtaining a judgement in your behalf.
7. REPORTS on your accounts are available to you at any time. A staff member is designated to monitor your accounts and provide you with the information you need.
8. There will be no cost to you until the dollars are actually collected.

We hope that the foregoing information is explanatory to the degree necessary for you to make a favorable determination regarding our service. If further information is required, or if you prefer a verbal briefing, please telephone us and we will visit with you at your convenience.

"THE EFFECTIVE CHOICE IN COLLECTIONS"



Collection Agency Benefits

Psychological

An independent agent can create an emotional impact on the debtor. Tactful, but aggressive tones can be used without impairing the buyer-seller, patient-doctor relationship.

Wider Implications

The debtor is aware that other parties have been alerted to a possible slowness of meeting obligations. An unfavorable reputation can become more widespread and threaten new or expanding credit lines being sought.

Profitability

While collection commissions may be high, the recovery of 100% write-offs is more likely. Early turnover to an agency may reduce in-house costs and maximize recovery.

Expertise

Calm, reasonable, matter-of-fact account handling can improve collection activity over the more emotional response of the creditor. Objectivity can be more readily maintained. A greater selection of procedures and tactics for any given situation are available.

Targeting

By having an alternative collection system, the credit manager can concentrate on more fertile and beneficial areas of collection activity. In addition, greater effort can be allocated to other areas of credit activity such as closer monitoring of credit granting and completion of credit information and applications.

Staffing

The careful use of an experienced agency and agency personnel reduces the requirements for higher-salaried collection personnel in-house.

Debtor Data

A collection agency may be more informed about a particular account through the handling of other creditors' problems with that account.



STATUTE of LIMITATIONS

We have legal time limitations in pursuing collection of a debt. The “statute of limitations” (which varies from state to state) is that state’s law as to the time we have to collect a debt. The statute of limitations in Utah is 4 years on unsigned documents and 6 years on signed agreements and checks. However, there are circumstances that will extend the time we have in collecting the debt.

- A. **Unsigned Document:** An unsigned document extends the time 4 years from the last charge date or date of last payment. This is referred to as an oral agreement.
- B. **Signed Document:** A signed document extends the time 6 years from the last charge date or date of last payment
- C. **Judgment:** A judgment extends the time 8 years from the time the judgment was signed by the court, but can be renewed 30 days prior to the expiration date.
- D. **Relocation:** Most states (including Utah) have taken the position that if a debtor leaves the state in which he/she has incurred a debt, the statute stops running. In other words, the state will allow far more time in attempting to collect the debt. This includes those individuals that are called up for military service, and the difference in income would place a burden on the service personnel. Refer to the Soldier’s & Sailor’s Act.

Guidelines for Determining if the Statute of Limitations has Expired

1. **Check last payment.** If date is less than four years the statute has not expired.
2. **Check the date of last charge.** If that date is within four years the statute has not expired.
3. **Check for a judgment number.** Sometimes, not always, the first two digits will tell you the year the judgment was signed. If this date is within 8 years the judgment has not expired.
4. **Check history for activity** ~~ on previous collection activity.
5. **Check for out-of-state residence.** As a rule, the statute stops running when the debtor relocates out-of-state.

This is not to act as a legal opinion, just a guideline. For a legal opinion, we suggest you contact your attorney.



Suggested wording to be used in contracts To cover the cost of collections

1. Terms Net 30 days from the date of the invoice unless otherwise indicated above. A Finance Charge of 1 ½% per month (annual percentage rate of 18%) of the unpaid balance will be added monthly. Should collection become necessary by legal suit or other means, the customer agrees to pay all costs of collection including attorney fees, court costs, including charges and collection agency fee which would be 35% of the balance assigned, with or without suit.
2. In the event payment under this agreement is not made at the time and in the manner required, the undersigned agrees to pay all costs of collection, including attorney fees, court costs, including charges and collection agency fees, which would be 35% of the balance assigned, with or without suit.
3. Terms: Net 30 days. Interest at the rate of 1 ½% per month (18% per annum) will be charged on all past due balances. In the event the account is delinquent and satisfactory arrangements have not been made for payment, the undersigned agrees to pay all legal fees, attorney fees, court costs, including charges and collection agency fee of up to 35 % of the balance assigned, with or without suit.

NOTE:

Please note that even with the correct wording, there is **no** guarantee that the collection fee will be awarded in a legal case.

These are strictly suggestions and do not express a legal opinion. It is recommended that you consult your attorney for a legal opinion.



UTAH INTEREST AND FEES INFORMATION SHEET

It is Knight Adjustment Bureau's desire, when collecting debts, to always comply with the law and protect us as well as you, our client. By working together on these items, it will also give us the information that we must have to do good job for you.

1. Every account must have a complete itemized statement as part of the file. The listing of the Itemization will expedite the handling of disputed accounts. You will save time by not having to pull that file out again to provide us with the necessary data.

Accounts that are based on a written agreement with a specific stated interest amount, the legal process can begin at that stated amount.

Accounts without a specific written agreement and no provision for the amount of interest charged, will be computed and listed at the rate that the state currently allows. Currently, the amount allowed by **Utah State Code 15-1-1**, is **Ten Percent (10%)**. The computation of the interest will be computed as of the last date of the transaction.

2. Interest from the date of the last service or payment through the date of assignment will be shown as a client fee. If legal action is needed, this document will verify that the amount on the face of the complaint which will resolve any confusion over amounts. The courts are being very attentive to adding interest to interest and we want to ensure accuracy.

3. Collection costs cannot be added to an account unless there is a **signed, written contract** with terms that are sufficiently specific to advise the debtor of what exactly the collection fee is at the time the document is signed. The document must have the wording ***WITH OR WITH OUT SUIT***. However, many judges will not allow collection fees in any event. Some judges take the position that collection fees cannot be granted if attorney fees are also awarded. A detailed and itemized statement of actual collection activity would increase the likelihood of collection fees.

4. Landlords should be advised that the courts will not award termination fees or any thing else they construe as a penalty. They will award damages that are reasonably related to the landlord's actual cost. Please obtain from the client copies of receipts, time sheets, copies of advertisements, etc. that support the client's actual cost in rehabilitating and re-renting the property. We would also encourage that you review your lease, rental agreement, or general agreement and be sure of the wording.

Thanks you for understanding regarding the laws and legalities that we are bound by while collecting your accounts. Please contact us if you have any further questions or suggestions.

These are strictly suggestions and not intended to be a legal opinion.

It is recommended that you consult your attorney for a legal opinion.



CONTRACT FOR ASSIGNMENT OF ACCOUNTS FOR COLLECTION

Agreement made and entered into this _____ day of _____, 20____

by and between _____ KINGS PEAK CREDIT UNION hereinafter designated "Assignor" and KNIGHT ADJUSTMENT BUREAU, hereinafter designated "Contractor". Whereas the Assignor has delinquent accounts which it desires to assign to the Contractor for collection, the parties hereto do mutually agree as follows:

1. All accounts shall be referred to Contractor as assignee under terms of the contract. Assignor authorizes contractor to commence legal action at the discretion of Contractor and Contractor's attorney, unless otherwise specified in writing.
2. The Contractor agrees to proceed diligently and expeditiously to collect all accounts assigned to Contractor within the parameters of Federal and State laws governing collection agency activities. Contractor agrees to indemnify assignor against violation of laws governing collection practices.
3. Contractor shall advance all court costs and attorney's fees on legal action taken. From the monies collected, Contractor will be reimbursed first for fees and costs allowed by law and then for the assigned principal and interest. Interest will be collected and applied only after all costs, fees and principal have been paid. Contractor shall retain all interest accrued and collected after date of assignor's last interest charge on assigned amount. In the event legal action has been taken on an account and the Assignor requests the Contractor to drop such action, or the Assignor fails to report direct pays or fails to provide witness(es), the Assignor shall reimburse the Contractor for it's court costs and attorney fees.
4. Contractor shall account for and deliver to the Assignor all monies collected on or before the 20th day of the next succeeding month.
5. Assignor will not settle or otherwise discount accounts that have been referred to Contractor without mutual agreement between Assignor and Contractor.
6. The Contractor prefers payments be made to Contractor - however should the consumer pay the Assignor, Assignor agrees to report all payments on assigned accounts made in its office (direct pays) as soon as possible, but not later than five (5) days after payment.
7. If merchandise is returned by customer for credit, the credit amount would be regarded as payment on the account and subject to commission to the Contractor.
8. On all accounts assigned by the Assignor to the Contractor for collection and whereas monies are collected, the following commission rates will apply on all amounts collected:
 - a) 35 % commission on all accounts except forward accounts, and accounts requiring legal action.
 - b) 50 % commission to Contractor on forwarded accounts, accounts requiring legal action.
 - c) Any individual account canceled by the Assignor but worked by the contractor will be subject to a finder's fee up to the full amount of the commission rate, but not less than \$25.00.
 - d) Commission is due on accounts collected by Contractor even if concurrently assigned to or collected by other agency.
9. This contract may be terminated by either party, no less than 90 days after execution, upon written notice to the other party at least thirty (30) days prior to the date such action is to become effective. Immediately upon such termination, all accounts of the Assignor in the hands of the Contractor, shall be withdrawn from the Contractor and the Contractor shall promptly return all said accounts to the Assignor and cease any further collection efforts, excepting those accounts on which Contractor has promise of payment, is receiving payment or accounts which are in legal action or forwarded. Accounts in legal action can only be withdrawn if the Assignor pays Contractor commission, costs and attorney fees.
10. Assignor agrees that should its agreement with the consumer authorize collection costs, and should the Assignor desire, collections costs may be assessed to the consumer when submitting the account. It is further noted that this pre-determined amount must bear a relationship to the actual cost of collection.
11. Assignor warrants that all claims assigned are currently due and owing, that each claim assigned is a just debt, and the amount assigned is the correct balance due as shown by the books and records of the Assignor, and the claim is not currently under assignment to any other entity. Assignor agrees to indemnify Contractor against any claims arising from any defect in the claim. Assignor further agrees to a prompt investigation of accounts, upon request, reporting back to the Contractor prior to the 30 days as required by The Fair Credit Reporting Act & The Fair Debt Collections Practices Act.
12. In the event of a breach of this agreement, the prevailing party shall be entitled, in addition to any damages incurred by reason of such breach, to all costs incurred in enforcement thereof including reasonable attorney fees.

This document contains the entire agreement of the parties and may not be modified except by written agreement signed by both parties.

IN WITNESS HEREOF, the parties have caused this agreement to be executed the day and year first above written.

By: _____
Assignor

By: _____
KAB Business Development Manager

Title: _____

KAB Corporate Acceptance By: _____



Items needed for submitting accounts to collections

- Copy of Application for services (i.e.; credit application, patient registration form, etc).
- Copy of signed documents (i.e.; lease, promissory note, account documents showing responsibility and terms for services or goods, etc).
- Supporting documentation, Itemization of services, goods, and/or charges.
- Additional information about the debtor, which would assist us in locating them or executing garnishments, etc.
- Copies of invoices or statements.
- Copy of judgments or other legal documents.
- Misc. items

KNIGHT ADJUSTMENT BUREAU
CLIENT PROFILE

Regular Collections _____ Checks _____ Change _____ Other _____

Date: ___/___/___

Complete Client Name: _____

Credit Managers Name: _____ Phone: _____

Alternate Name: _____ Fax: _____

Address: _____ City: _____ State: ___ Zip: _____

Type/Description of Business: _____

Suit Authorization, Itemized Statements and Direct Payment Verification can be obtained from:

_____ or _____

Accrued Interest Computation: _____% per ___ month ___ day ___ week

Other Special Requirements: _____