Case Study – Debt Negotiation

The Challenge

Alyson Ferris from Debt BeGone Unlimited is very good at her job of debt negotiation. She can get most small businesses to agree to a 65 cents on the dollar settlement with no interest. Alyson usually can get the larger franchised companies to agree to a lower interest rate and sometimes a lower balance. Her clients are very happy with the results.

However, Alyson spends way too much time putting together presentations for her clients. These are best guess estimates of what she can negotiate on her clients behalf, based on her seven years of difficult debt negotiations.

"I wish there was an easier and less time consuming way to show my potential clients what is possile," she said.

The Solution

Ferris purchased the Zilch Professional – Debt Reduction software from ZilchWorks.

This program is very powerful and easy to use. You literally just fill in the blanks and push a button. This tool takes into account all of the details surrounding a clients debts, interest rates, current payments, outstanding balances, etc... and quickly and easily turns it all into a month-by-month detailed debt elimination plan.

Zilch Pro, as it is affectionately known, is designed for financial professionals. It creates two versions on the Payoff Summary Report. The first version of this report is basically a 'Here's how bad it is' report. It details how long it will take the client to get out of debt if they keep going in the same direction.

The second version of the Zilch Pro Payoff Summary Report is a 'Here's how good it can be', type of report. This lets you really play up the 'Look what we can do for you' angle.

"It's amazingly simple", said Ferris. "My clients just simply get it. I can actually see the lights go on in their head."

The Results

Debts Before Negotiation

Creditor Name	<u>APR</u>	Starting <u>Balance</u>	Monthly <u>Payment</u>
Bob's Mart	21.00	985.42	30.00
Mastercard	19.80	1,705.00	51.00
Fingerhut	19.70	1,305.98	39.00
Visa 1	15.90	2,341.00	70.00
Visa 2	12.90	1,250.00	38.00
Auto Loan	10.90	5,843.00	315.00
Dr. Jones	0.00	850.00	50.00
Totals		14,280.40	593.00

Debts After Negotiation

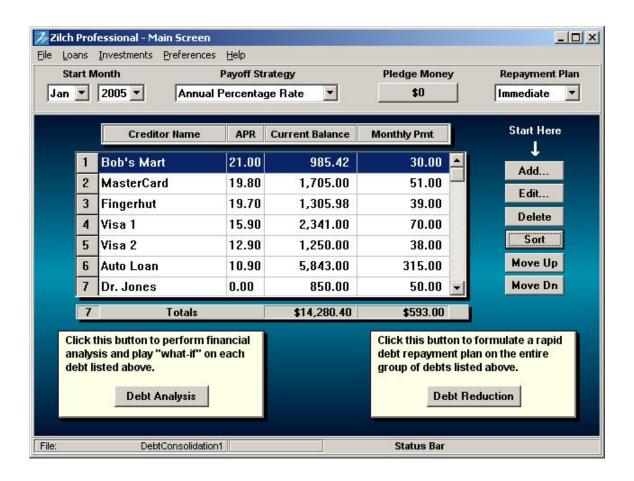
<u>APR</u>	Starting <u>Balance</u>	Monthly <u>Payment</u>
0.00	600.00	20.00
6.89	1,705.00	35.00
0.00	913.50	25.00
7.90	2,341.00	58.00
8.79	1,250.00	32.00
10.90	5,843.00	315.00
0.00	600.00	25.00
0.00	150.00	25.00
	13,402.50	535.00
	0.00 6.89 0.00 7.90 8.79 10.90 0.00	APR Balance 0.00 600.00 6.89 1,705.00 0.00 913.50 7.90 2,341.00 8.79 1,250.00 10.90 5,843.00 0.00 600.00 0.00 150.00

Differences

- Several interest rates have been reduced
- Monthly payment is \$58 less
- Total balance is almost \$878 less
- Includes a Debt BeGone fee of \$150

How It Works

Enter the debts into Zilch Pro as they were before the debt negotiations took place. Choose the 'Annual Percentage Rate' Payoff Strategy. Click the 'Sort' button. Notice how the debts have been prioritized from highest APR to lowest APR.

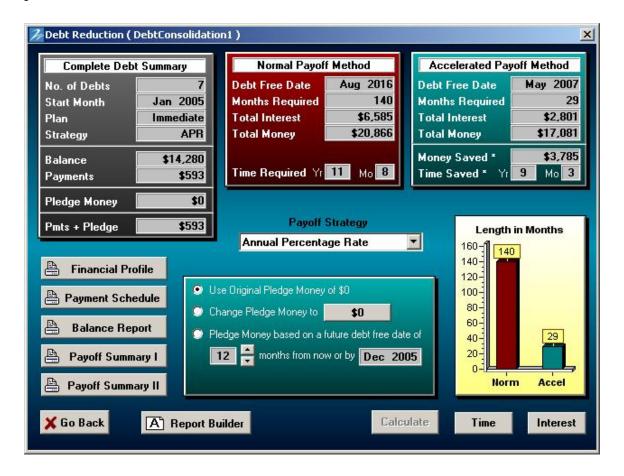


Click the 'Debt Reduction' button on the bottom right portion of the screen. Zilch Pro will do hundreds and of calculations in a split second and take you to the 'Debt Reduction' screen.

See the next page.

Normal Payoff Method: This is the what happens when only the minimum payments are made each month. Notice the time required to get completely out of debt is 11 years 8 months.

Accelerated Payoff Method: This is the what happens when you follow the debt repayment plan created using the Zilch Professional Debt Reduction software. Notice that the months required has dropped from 140 to 29. This plan will have you out of debt in 2 years 5 months.



Next we are going to look at the 'Payoff Summary I" report. This is the 'Here's how bad it is' report we talked about earlier.

Click the button labeled 'Payoff Summary I".

See the next page.

Prepared for: Date Prepared: 1/29/2005

Mr. & Mrs. Gilbert Dundeal 27 Penny Lane Anytown, USA 98765

Payoff Summary Report

Pay Off <u>Priority</u>	Creditor Name	<u>APR</u>	Starting <u>Balance</u>	Monthly <u>Payment</u>	<u>Interest</u>
1	Bob's Mart	21.00	985.42	30.00	912.52
2	MasterCard	19.80	1,705.00	51.00	1,713.00
3	Fingerhut	19.70	1,305.98	39.00	1,212.97
4	Visa 1	15.90	2,341.00	70.00	1,629.61
5	Visa 2	12.90	1,250.00	38.00	532.09
6	Auto Loan	10.90	5,843.00	315.00	584.97
7	Dr. Jones	0.00	850.00	50.00	0.00
	Totals		14,280.40	593.00	

Payoff Summary Totals

Debt Free Date	Aug 2016
	(11 Yrs 8 Mos)
Total Interest Paid	\$6,585
Total Money Paid	\$20,866
Months Required	140

Now enter the debts as they are after the debt negotiations took place. Make sure to include your Debt BeGone fee. Choose the 'Annual Percentage Rate' Payoff Strategy.

We are also going to add back the \$58 in the form of 'Pledge Money'. Pledge money is an extra amount of money that gets added to the debt repayment plan each month as an accelerator.

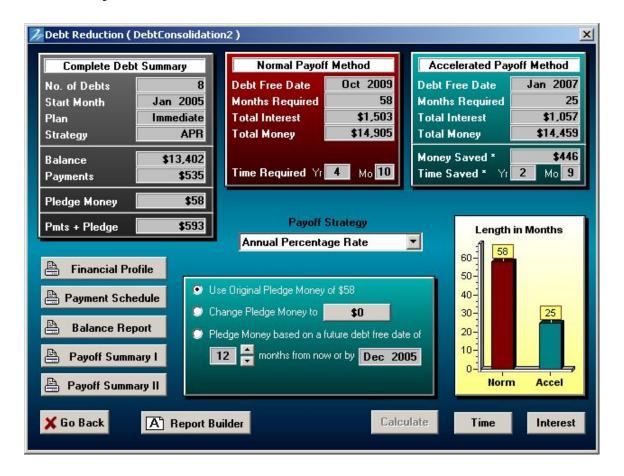


Click the 'Debt Reduction' button on the bottom right portion of the screen. Zilch Pro will do hundreds and of calculations in a split second and take you to the 'Debt Reduction' screen.

See the next page.

Normal Payoff Method: This is the what happens when only the minimum payments are made each month. Notice the time required to get completely out of debt is 4 years 10 months. This is because of the negotiatiations that were done.

Accelerated Payoff Method: This is the what happens when you follow the debt repayment plan created using the Zilch Professional Debt Reduction software. Notice how this plan will have you out of debt in 2 years 1 month.



Next we are going to look at the 'Payoff Summary II" report. This is the 'Here's how good it can be' report we talked about earlier.

The next two pages contain the 'Payoff Summary II' report and the Month Payment Schedule.

Anytown, USA 98765

Date Prepared: 1/29/2005 Payoff Strategy: Annual Percentage Rate

Pledge Money: \$58

Start Month: Jan 2005

Payoff Summary Report

Pay Off <u>Priority</u>	Creditor Name	<u>APR</u>	Starting <u>Balance</u>	Monthly <u>Payment</u>	Interest
1	Auto Loan	10.90	5,843.00	315.00	584.97
2	Visa 2	8.79	1,250.00	32.00	227.89
3	Visa 1	7.90	2,341.00	58.00	389.06
4	MasterCard	6.89	1,705.00	35.00	300.75
5	Debt BeGone	0.00	150.00	25.00	0.00
6	Dr. Jones	0.00	600.00	25.00	0.00
7	Bob's Mart	0.00	600.00	20.00	0.00
8	Fingerhut	0.00	913.50	25.00	0.00
	Totals		13,402.50	535.00	

Payoff Summary Totals

Debt Free Date	Oct 2009
	(4 Yrs 10 Mos)
Total Interest Paid	\$1,503
Total Money Paid	\$14,905
Months Required	58

Accelerated Payoff Method					
Debt Free Date	Jan 2007 (2 Yrs 1 Mo)				
Total Interest Paid	\$1,057				
Total Money Paid	\$14,459				
Months Required	25				
Money Saved	\$446				
Time Saved	2 Yrs 9 Mos				

Prepared for:

Mr. & Mrs. Gilbert Dundeal 27 Penny Lane Anytown, USA 98765 Page 1
Date Prepared: 1/29/2005

Payoff Strategy: Annual Percentage Rate

Pledge Money: \$58

Monthly Payment Schedule

2005 Payments												
Creditor Name	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	Nov	Dec
Auto Loan	373	373	373	373	373	373	398	398	398	398	398	398
Visa 2	32	32	32	32	32	32	32	32	32	32	32	32
Visa 1	58	58	58	58	58	58	58	58	58	58	58	58
MasterCard	35	35	35	35	35	35	35	35	35	35	35	35
Debt BeGone	25	25	25	25	25	25	0	0	0	0	0	0
Dr. Jones	25	25	25	25	25	25	25	25	25	25	25	25
Bob's Mart	20	20	20	20	20	20	20	20	20	20	20	20
Fingerhut	25	25	25	25	25	25	25	25	25	25	25	25
2006 Payments Creditor Name	· ·							_				
		Enh	Mar		N/ 21/	liin	liil	V114	C.V.D	Oct	Nov	Doc
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	Nov	<u>Dec</u>
Auto Loan	398	398	398	398	101	0	0	0	0	0	0	0
Auto Loan Visa 2	398 32	398 32	398 32	398 32	101 329	0 430	0 116	0	0	0 0	0	0
Auto Loan Visa 2 Visa 1	398 32 58	398 32 58	398 32 58	398 32 58	101 329 58	0 430 58	0 116 372	0 0 488	0 0 488	0 0 205	0 0 0	0 0 0
Auto Loan Visa 2 Visa 1 MasterCard	398 32 58 35	398 32 58 35	398 32 58 35	398 32 58 35	101 329 58 35	0 430 58 35	0 116 372 35	0 0 488 35	0 0 488 35	0 0 205 318	0 0 0 523	0 0 0 316
Auto Loan Visa 2 Visa 1 MasterCard Dr. Jones	398 32 58 35 25	398 32 58 35 25	398 32 58 35 25	398 32 58 35 25	101 329 58 35 25	0 430 58 35 25	0 116 372 35 25	0 0 488 35 25	0 0 488 35 25	0 0 205 318 25	0 0 0 523 25	0 0 0 316 25
Auto Loan Visa 2 Visa 1 MasterCard Dr. Jones Bob's Mart	398 32 58 35 25 20	398 32 58 35 25 20	398 32 58 35 25 20	398 32 58 35 25 20	101 329 58 35 25 20	0 430 58 35 25 20	0 116 372 35 25 20	0 0 488 35 25 20	0 0 488 35 25 20	0 0 205 318 25 20	0 0 0 523 25 20	0 0 0 316 25 140
Auto Loan Visa 2 Visa 1 MasterCard Dr. Jones	398 32 58 35 25	398 32 58 35 25	398 32 58 35 25	398 32 58 35 25	101 329 58 35 25	0 430 58 35 25	0 116 372 35 25	0 0 488 35 25	0 0 488 35 25	0 0 205 318 25	0 0 0 523 25	0 0 0 316 25
Auto Loan Visa 2 Visa 1 MasterCard Dr. Jones Bob's Mart Fingerhut 2007 Payments	398 32 58 35 25 20 25	398 32 58 35 25 20 25	398 32 58 35 25 20 25	398 32 58 35 25 20 25	101 329 58 35 25 20 25	0 430 58 35 25 20 25	0 116 372 35 25 20 25	0 0 488 35 25 20 25	0 0 488 35 25 20 25	0 0 205 318 25 20 25	0 0 0 523 25 20 25	0 0 316 25 140 112
Auto Loan Visa 2 Visa 1 MasterCard Dr. Jones Bob's Mart Fingerhut	398 32 58 35 25 20	398 32 58 35 25 20	398 32 58 35 25 20	398 32 58 35 25 20	101 329 58 35 25 20	0 430 58 35 25 20	0 116 372 35 25 20	0 0 488 35 25 20	0 0 488 35 25 20	0 0 205 318 25 20	0 0 0 523 25 20	0 0 0 316 25 140

This report prepared by:

As you can see, the Zilch Professional Debt Reduction software makes light work out of creating and presenting detailed debt reduction plans.

Zilch Pro comes with a 'Report Bulder' module that lets you customize the bottom 4 lines of each report. This lets you brand the reports with your company's name, address, phone number and website url.

For more information or to download a free sample of Zilch Pro visit our website:

http://www.zilchworks.com/